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Form 990

Return of Organization Exempt From Income Tax

OMB No 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable

☒ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization
LUTHERAN CHARITY ASSOCIATION

Doing Business As
JAMESTOWN REGIONAL MEDICAL CENTER

Number and street (or P O box if mail is not delivered to street address)Room/suite

2422 20TH ST SW

City or town, state or country, and ZIP + 4
JAMESTOWN, ND 584013360

F Name and address of principal officer
BRANDON VAUGHAN
2422 20TH ST SW
JAMESTOWN,ND 584013360

H(a) Is this a group return for affiliates?

☐ Yes ☒ No

H(b) Are all affiliates included?

☐ Yes ☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) () ◀(insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW.JRMCND.COM

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1927

M State of legal domicile ND

Part I	Summary																								
Activities & Governance	<div>1 Briefly describe the organization's mission or most significant activities JAMESTOWN REGIONAL MEDICAL CENTER WILL BE THE BEST RURAL HOSPITAL IN THE COUNTRY FOR PATIENTS TO RECEIVE CARE, EMPLOYEES TO WORK, AND PHYSICIANS TO PRACTICE</div>																								
	<div>2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div> <table><tr><td>3 Number of voting members of the governing body (Part VI, line 1a)</td><td>3</td><td>10</td></tr><tr><td>4 Number of independent voting members of the governing body (Part VI, line 1b)</td><td>4</td><td>10</td></tr><tr><td>5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)</td><td>5</td><td>371</td></tr><tr><td>6 Total number of volunteers (estimate if necessary)</td><td>6</td><td>119</td></tr><tr><td>7a Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7a</td><td>0</td></tr><tr><td>7b Net unrelated business taxable income from Form 990-T, line 34</td><td>7b</td><td>0</td></tr></table>	3 Number of voting members of the governing body (Part VI, line 1a)	3	10	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10	5 Total number of individuals employed in calendar year 2011 (Part V, line 2a)	5	371	6 Total number of volunteers (estimate if necessary)	6	119	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0	7b Net unrelated business taxable income from Form 990-T, line 34	7b	0						
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Expenses	<table><tr><td>13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)</td><td>0</td><td>0</td></tr><tr><td>14 Benefits paid to or for members (Part IX, column (A), line 4)</td><td>0</td><td>0</td></tr><tr><td>15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)</td><td>15,714,644</td><td>17,774,868</td></tr><tr><td>16a Professional fundraising fees (Part IX, column (A), line 11e)</td><td>0</td><td>0</td></tr><tr><td>16b Total fundraising expenses (Part IX, column (D), line 25) ▶⁰</td><td></td><td></td></tr><tr><td>17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)</td><td>10,885,898</td><td>18,100,679</td></tr><tr><td>18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)</td><td>26,600,542</td><td>35,875,547</td></tr><tr><td>19 Revenue less expenses Subtract line 18 from line 12</td><td>2,028,004</td><td>-4,147,968</td></tr></table>	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	0	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	15,714,644	17,774,868	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0	16b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰			17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	10,885,898	18,100,679	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	26,600,542	35,875,547	19 Revenue less expenses Subtract line 18 from line 12	2,028,004	-4,147,968
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Net Assets or Fund Balances	<table><tr><td></td><td>Beginning of Current Year</td><td>End of Year</td></tr><tr><td>20 Total assets (Part X, line 16)</td><td>73,203,276</td><td>72,928,174</td></tr><tr><td>21 Total liabilities (Part X, line 26)</td><td>46,902,922</td><td>50,820,757</td></tr><tr><td>22 Net assets or fund balances Subtract line 21 from line 20</td><td>26,300,354</td><td>22,107,417</td></tr></table>		Beginning of Current Year	End of Year	20 Total assets (Part X, line 16)	73,203,276	72,928,174	21 Total liabilities (Part X, line 26)	46,902,922	50,820,757	22 Net assets or fund balances Subtract line 21 from line 20	26,300,354	22,107,417												
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Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer

BRANDON VAUGHAN CHIEF FINANCIAL OFFICER

Date

2013-02-28

Paid Preparer's Use Only

Preparer's signature

KRISTEN HAGER CPA

Date

2013-02-28

Check if self-employed

☐

Preparer's taxpayer identification number (see instructions)

P01359220

Firm's name (or yours if self-employed), address, and ZIP + 4

WIPFLI LLP
7601 FRANCE AVENUE SOUTH SUITE 400
MINNEAPOLIS, MN 55435

EIN

▶ 39-0758449

Phone no

▶ (952) 548-3400

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2011)

Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III

☒

1

Briefly describe the organization’s mission

EXCEED EXPECTATIONS AND BE THE DIFFERENCE IN THE LIVES OF THOSE WE SERVE

2

Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?

☒ Yes ☐ No

If “Yes,” describe these new services on Schedule O

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes ☒ No

If “Yes,” describe these changes on Schedule O

4

Describe the organization’s program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code) (Expenses \$ 30,779,880 including grants of \$) (Revenue \$ 33,594,430)

JAMESTOWN REGIONAL MEDICAL CENTER IS A 25 BED CRITICAL ACCESS HOSPITAL PROVIDING SHORT-TERM ACUTE INPATIENT, OUTPATIENT, SWING BED, HOME HEALTH AND HOSPICE HEALTH CARE SERVICES THE NEAREST PROVIDER OF HEALTH CARE SERVICES IS MORE THEN 35 MILES AWAY AND JAMESTOWN REGIONAL MEDICAL CENTER IS LOCATED 100 MILES AWAY FROM THE NEAREST MAJOR HEALTH SERVICE CENTERS IN FARGO OR BISMARCK, NORTH DAKOTA WE ALSO PROVIDE SPACE FOR A SATELLITE DIALYSIS UNIT OPERATED BY MEDCENTER ONE, BISMARCK, NORTH DAKOTA JAMESTOWN REGIONAL MEDICAL CENTER MAKES MEDICAL CARE ACCESSIBLE TO THE ENTIRE COMMUNITY IT SERVES IN ADDITION TO THE ROUTINE INPATIENT AND OUTPATIENT HEALTH CARE SERVICES WE PROVIDE THE FOLLOWING SPECIALTY SERVICES TO THE COMMUNITIES WE SERVE * CARDIAC CARE AND REHABILITATION IN ADDITION TO EMERGENCY AND INTENSIVE CARE UNITS OUR CARDIAC SERVICES INCLUDE CARDIOLITE STRESS, ADENOSCAN AND ADENOWALK CARDIOLITE IMAGING TESTS AND SPECT IMAGING TESTS FOR ACCURATE DIAGNOSIS, AND MONITORED DIET AND EXERCISE PROGRAMS THROUGHOUT THE HOSPITAL STAY AND THROUGH OUTPATIENT CARE IN OUR CARDIAC REHABILITATION CENTER * MAMMOGRAPHY OUR MAMMOGRAPHY UNIT WAS DESIGNED FOR WOMEN AND IS STAFFED BY FEMALE PROFESSIONALS * EMERGENCY CARE OUR EMERGENCY CENTER IS STAFFED 24 HOURS A DAY THROUGHOUT THE YEAR AND HANDLES EVERYTHING FROM BROKEN BONES TO HEART ATTACKS * HOME HEALTH SERVICES SERVICES PROVIDED TO THE HOME BOUND INCLUDE NURSING, PHYSICAL, OCCUPATIONAL, SPEECH AND SOCIAL SERVICES * HOSPICE PROVIDE FOR THE PHYSICAL AND PSYCHOLOGICAL NEEDS OF THE TERMINALLY ILL AND HELP ACCOMODATE THEIR FAMILIES THROUGH A FULL RANGE OF HOSPICE SERVICES * NUTRITIONAL COUNSELING OUR REGISTERED DIETITIANS PROVIDE NUTRITIONAL ASSESSMENTS AND PERSONALIZED DIET PLANS TO OPTIMIZE HEALTH AND SPEED RECOVERY THROUGH PROPER NUTRITION * PHYSICAL AND OCCUPATIONAL THERAPY PROVIDE A FULL RANGE OF SERVICES TO HELP PATIENTS RECOVER FROM ON-THE-JOB, SPORTS-RELATED INJURIES AND CERTAIN DEBILITATING DISEASES * SOCIAL SERVICES AND SUPPORT GROUPS OUR FACILITY PROVIDES A WIDE RANGE OF SUPPORT IN THE COORDINATION OF SERVICES BY OUR SOCIAL SERVICE DEPARTMENT AND SUPPORT GROUPS TO HELP OUR PATIENTS AND THEIR FAMILIES COPE WITH THE EMOTIONAL AND FINANCIAL EFFECTS OF ILLNESS * PODIATRY SERVICES OUR LICENSED AND CREDENTIALED DOCTOR OF PODIATRY MEDICINE TREATS EVERYTHING FROM FLAT FEET TO BUNIONS WITH MODERATE THERAPEUTIC TECHNIQUES * SPEECH AND HEARING SERVICES WE EMPLOY LICENSED AUDIOLOGIST AND SPEECH THERAPISTS THAT CAN HELP CORRECT HEARING LOSS AND SPEECH DIFFICULTIES * SURGERY CENTER OUR INPATIENT AND OUTPATIENT SURGERY CENTER IS CAPABLE OF HANDLING A WIDE VARIETY OF GENERAL AND SPECIALIZED SURGICAL PROCEDURES INCLUDING LAPAROSCOPIC AND CATARACT PROCEDURES * WELLNESS PROGRAMS OUR WELLNESS CENTER OFFERS THE COMMUNITY A FULL SCHEDULE OF CLASSES ON SUBJECTS RANGING FROM HEALTHY DIET, FITNESS AND PREVENTATIVE CARE ALONG WITH A FULLY EQUIPPED FITNESS CENTER TO HELP THE PEOPLE WE SERVE LEARN HOW TO MODIFY THEIR LIFESTYLES FOR A HEALTHIER LIFE * OTHER SUPPORT SERVICES * LABORATORY, PATHOLOGY AND RADIOLOGY SERVICES FULL RANGE OF SERVICES TO PROVIDE ACCURATE DIAGNOSIS FOR TREATMENT* CARE LINE WE OPERATE AN EMERGENCY RESPONSE TELEPHONE BASED RESPONSE CENTER TO ENABLE THE FRAIL ELDERLY TO REMAIN INDEPENDENT IN THEIR HOMES * VOLUNTEERS AND VOLUNTEER SERVICES WE HAVE, ON THE AVERAGE, 112 COMMUNITY VOLUNTEERS PROVIDING APPROXIMATELY 6,435 HOURS OF SERVICE TO THE HOSPITAL AND THE PATIENTS WE SERVE SOME OF THE MANY AREAS THEY PROVIDE SERVICES ARE AS FOLLOWS * SENIOR COMPANIONS HELPING SENIOR CITIZENS MAINTAIN INDEPENDENCE BY READING TO THEM, HELPING WITH SHOPPING, ETC * HOSPICE ASSISTING HOSPICE PATIENTS AND FAMILIES COPE WITH TERMINAL ILLNESS * CHILDREN'S TLC VOLUNTEERS PROVIDE PARENTS WITH A BREAK WITH THEIR CHILDREN THAT ARE HOSPITALIZED * TELECARE MAINTAIN CONTACT WITH YOUR FRIENDS OR FAMILY MEMBER THROUGH TELEPHONE CALLS TO THEIR HOME * GIFT SHOPPE OPERATED FOR THE CONVENIENCE OF FRIENDS AND FAMILY OF HOSPITAL PATIENTS TO OBTAIN CARDS, FLOWERS AND SMALL GIFTS FOR PATIENTS IN OUR FACILITY * CARING TOUCH A PARTNERSHIP WITH JAMESTOWN COLLEGE TO PROVIDE SUPPORT OF PATIENTS BOTH IN THE HOSPITAL AND AFTER THEY RETURN HOME * OTHER SERVICES COMMUNITY MEMBERS VOLUNTEER THEIR SERVICES TO HELP OUT IN TIMES OF NEED IN MOST SERVICE AREAS ASSISTING PATIENTS AND THEIR FAMILIES SERVICES PROVIDED DURING FYE JUNE 30, 2012 *4,781 INPATIENT DAYS OF WHICH 346 WERE SWING BED AND 23 HOSPICE DAYS OF CARE* 43 9% MEDICARE IS THE PERCENTAGE OF INPATIENT DAYS* 14 5% MEDICAID IS THE PERCENTAGE OF INPATIENT DAYS* 8,276 EMERGENCY VISITS OF WHICH 802 RESULTED IN INPATIENT ADMISSIONS*28,916 TOTAL OUTPATIENT VISITS* 2,560 OUTPATIENT SURGICAL PROCEDURE VISITS INCLUDING OUTPATIENT SURGERY AND SCOPES* 345 LIVE BIRTHS* 1,381 ORTHOPEDIC PATIENTS* 1,766 CARDIAC REHAB VISITS* 5,004 HOME HEALTH VISITS* 4,192 HOSPICE DAYS OF CARE* 1,522 DIALYSIS TREATMENTS* \$595,237 IN FREE CARE* 119 VOLUNTEERS PROVIDED 6,888 HOURS OF VOLUNTEER SERVICE IN SUMMARY, JAMESTOWN REGIONAL MEDICAL CENTER IS A 25 BED CRITICAL ACCESS HOSPITAL, GEOGRAPHICALLY LOCATED IN RURAL SOUTH-CENTRAL NORTH DAKOTA THE CLOSEST MEDICAL FACILITY IS MORE THAN 35 MILES AWAY AND THE CLOSEST COMPARABLE MEDICAL SERVICES ARE 100 MILES FROM JAMESTOWN

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)





















(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses \$ 30,779,880

Part IV

Checklist of Required Schedules

		Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A.</i> 	1	Yes
2	Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? 	2	Yes
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I.</i> 	3	No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II.</i> 	4	Yes
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III.</i> 	5	No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I.</i> 	6	No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II.</i> 	7	No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III.</i> 	8	No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV.</i> 	9	No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V.</i> 	10	No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI.</i> 	11a	Yes
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII.</i> 	11b	No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII.</i> 	11c	No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX.</i> 	11d	No
e	Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X.</i> 	11e	Yes
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X.</i> 	11f	Yes
12a	Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII.</i> 	12a	No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional.</i> 	12b	Yes
13	Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E.</i>	13	No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Part I.</i>	14b	No
15	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the U S ? <i>If "Yes," complete Schedule F, Part II and IV.</i>	15	No
16	Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the U S ? <i>If "Yes," complete Schedule F, Part III and IV.</i>	16	No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I.</i>	17	No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II.</i>	18	No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III.</i>	19	No
20a	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H.</i> 	20a	Yes
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. All Form 990 filers that operated one or more hospitals must attach audited financial statements 	20b	Yes

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25</i>	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1</i>	34	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	35a	Yes	
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	Yes	
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance			
Check if Schedule O contains a response to any question in this Part V <input type="checkbox"/>			
		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. .	1a	46
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	1b	0
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c	Yes
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return.	2a	371
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	2b	Yes
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	No
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O.	3b	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?	4a	No
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible?	6a	No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	No
d	If "Yes," indicate the number of Forms 8282 filed during the year.	7d	
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8	
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966?	9a	
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12.	10a	
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.	10b	
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders.	11a	
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).	11b	
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a	
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.	12b	
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state.	13a	
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.	13b	
c	Enter the aggregate amount of reserves on hand.	13c	
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a	No
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.	14b	

Part VI

Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.
Check if Schedule O contains a response to any question in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year		
1b	Enter the number of voting members included in line 1a, above, who are independent		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	Yes	
8b	Each committee with authority to act on behalf of the governing body?	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		No
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	Describe in Schedule O the process, if any, used by the organization to review the Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	The organization's CEO, Executive Director, or top management official	Yes	
15b	Other officers or key employees of the organization	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)		
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		No
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
19	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table.
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization. BRANDON VAUGHAN 2422 20TH ST SW JAMESTOWN,ND 58401 (701) 252-1050

Part VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization’s tax year

- List all of the organization’s **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization’s **current** key employees, if any See instructions for definition of "key employee "
- List the organization’s five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations
- List all of the organization’s **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations
- List all of the organization’s **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) HARVEY HUBER CHAIRPERSON	1 00	X		X				0	0	0
(2) CONNIE KRAPP VICE CHAIRPERSON	1 00	X		X				0	0	0
(3) REV TERRY ANDERSON SECRETARY	1 00	X		X				0	0	0
(4) JOANNE H OTTMAR TREASURER	1 00	X		X				0	0	0
(5) DAVID MATHISON MD BOARD MEMBER	1 00	X						0	0	0
(6) ERIC MONSON BOARD MEMBER	1 00	X						0	0	0
(7) DENNIS D POZARNSKY BOARD MEMBER	1 00	X						0	0	0
(8) DR JAMES R TORRANCE MD BOARD MEMBER	1 00	X						0	0	0
(9) SHANDA TRAIER PHD BOARD MEMBER	1 00	X						0	0	0
(10) DEBRA A GEIER MD BOARD MEMBER	1 00	X						0	0	0
(11) MARTIN RICHMAN 1111-123111 CEO	40 00			X				194,351	0	33,341
(12) TODD HUDSPETH CEO	40 00			X				79,071	0	3,293
(13) ALAN O'NEIL CFO	40 00			X				151,128	0	20,674
(14) DR ALFONSO FINDLEY RADIOLOGIST	40 00					X		550,492	0	40,635
(15) DR PHILIP JYSTAD PHYSICIAN	40 00					X		303,573	0	37,407
(16) DR SCOTT GOECKE PHYSICIAN	40 00					X		304,842	0	33,005
(17) DR MANUEL HARRIS PODIATRIST	40 00					X		238,456	0	38,230

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	2,059,134	0	211,564

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 19

		Yes	No
3	Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3	No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	4	Yes
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	5	No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
AMERISOURCE BERGEN 27550 NETWORK PLACE CHICAGO, IL 60673	PHARMACEUTICAL SERVICES	1,211,618
NATIONAL MEDICAL RESOURCES INC 2900 E BROADWAY AVE STE 1 BISMARCK, ND 58501	ER PHYSICIANS	839,498
OWENS & MINOR 2151 COUNTY ROAD H2 WEST MOUNDS VIEW, MN 55112	MEDICAL-SURGICAL SERVICES	663,538
TLSC LLC CONSTRUCTION 8 7TH ST N FARGO, ND 58102	CONSTRUCTION OF MODULAR BUILDING FOR CLI	563,985
IMAGING SOLUTIONS INC 3223 32ND AVE S STE 201 FARGO, ND 58103	DIAGNOSTIC IMAGING SERVICES	445,499

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶27

Part VIII

Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . .	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d	1,212,687				
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	35,737				
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total. Add lines 1a-1f		1,248,424				
Program Service Revenue			Business Code					
	2a	NET PATIENT SERVICE RE	621400	33,081,605	33,081,605			
	b	CAFETERIA	900099	212,377			212,377	
	c	WELLNESS/LIFELINE/CARE	900099	191,604	191,604			
	d	CONSULTATION SERVICES	541900	76,877	76,877			
	e	RENTAL INCOME	531120	75,974	75,974			
	f	All other program service revenue		203,980	152,280		51,700	
	g	Total. Add lines 2a-2f		33,842,417				
Other Revenue	3	Investment income (including dividends, interest and other similar amounts)		272,579			272,579	
	4	Income from investment of tax-exempt bond proceeds . .						
	5	Royalties						
	6a	(i) Real		(ii) Personal				
		Gross rents						
		b Less rental expenses						
		c Rental income or (loss)						
	d	Net rental income or (loss)						
	7a	(i) Securities		(ii) Other				
		Gross amount from sales of assets other than inventory	37,606	49,026				
		b Less cost or other basis and sales expenses	0	3,738,563				
		c Gain or (loss)	37,606	-3,689,537				
	d	Net gain or (loss)		-3,651,931			-3,651,931	
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events . .						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities . .						
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory . .						
Miscellaneous Revenue		Business Code						
11a	OTHER REVENUE	900099	16,090	16,090				
b								
c								
d	All other revenue							
e	Total. Add lines 11a-11d		16,090					
12	Total revenue. See Instructions		31,727,579	33,594,430	0	-3,115,275		

Part IX

Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21				
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	536,521		536,521	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	13,969,923	12,150,091	1,819,832	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	929,661	811,029	118,632	
9	Other employee benefits	1,364,328	1,188,251	176,077	
10	Payroll taxes	974,435	851,790	122,645	
11	Fees for services (non-employees)				
a	Management				
b	Legal	109,244		109,244	
c	Accounting	65,100		65,100	
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	2,918,385	2,321,047	597,338	
12	Advertising and promotion	217,664	367	217,297	
13	Office expenses	4,633,252	3,775,387	857,865	
14	Information technology	151,970	48,760	103,210	
15	Royalties				
16	Occupancy	719,817	691,854	27,963	
17	Travel	162,603	107,938	54,665	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	99,393	39,528	59,865	
20	Interest	1,947,652	1,947,652		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	3,704,436	3,704,436		
23	Insurance	193,501	62,401	131,100	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	DRUGS	1,519,284	1,519,284		
b	BAD DEBT EXPENSE	939,722	939,722		
c	OTHER	290,001	191,688	98,313	
d	FOOD	224,602	224,602		
e					
f	All other expenses	204,053	204,053		
25	Total functional expenses. Add lines 1 through 24f	35,875,547	30,779,880	5,095,667	0
26	Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X

Balance Sheet

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing			75,395	1	217,345
	2	Savings and temporary cash investments			2,527,574	2	3,056,818
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			3,940,869	4	6,013,077
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L				5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			449,477	8	552,836
	9	Prepaid expenses and deferred charges			142,271	9	103,054
	10a	Land, buildings, and equipment, cost or other basis. Complete Part VI of Schedule D	10a	59,062,952			
	b	Less: accumulated depreciation	10b	7,157,199	52,453,531	10c	51,905,753
	11	Investments—publicly traded securities			7,889,978	11	7,420,386
	12	Investments—other securities. See Part IV, line 11			1,120,451	12	624,184
	13	Investments—program-related. See Part IV, line 11				13	
	14	Intangible assets				14	
	15	Other assets. See Part IV, line 11			4,603,730	15	3,034,721
16	Total assets. Add lines 1 through 15 (must equal line 34)			73,203,276	16	72,928,174	
Liabilities	17	Accounts payable and accrued expenses			8,810,377	17	3,607,478
	18	Grants payable				18	
	19	Deferred revenue				19	
	20	Tax-exempt bond liabilities			790,000	20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D				21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties			36,960,699	23	45,632,268
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D			341,846	25	1,581,011
	26	Total liabilities. Add lines 17 through 25			46,902,922	26	50,820,757
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			26,300,354	27	22,107,417
	28	Temporarily restricted net assets				28	
	29	Permanently restricted net assets				29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			26,300,354	33	22,107,417
	34	Total liabilities and net assets/fund balances			73,203,276	34	72,928,174

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	31,727,579
2	Total expenses (must equal Part IX, column (A), line 25)	2	35,875,547
3	Revenue less expenses Subtract line 2 from line 1	3	-4,147,968
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	26,300,354
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-44,969
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	22,107,417

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
b	Were the organization's financial statements audited by an independent accountant?	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O		No
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separated basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	Yes	

SCHEDULE A

(Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization LUTHERAN CHARITY ASSOCIATION	Employer identification number 45-0231181
----------------------------------------------------------	--------------------------------------------------

Part I

Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

- 1

☐

A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9

☐

An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

An organization organized and operated exclusively to test for public safety Se**section 509(a)(4).**
- 11

☐

An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Other

e

☐

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f

☐

If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g

☐

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i)

a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?

(ii)

a family member of a person described in (i) above?

(iii)

a 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
Total									

Part II

Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public Support. Subtract line 5 from line 4						

Section B. Total Support							
Calendar year (or fiscal year beginning in)		(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7	Amounts from line 4						
8	Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9	Net income from unrelated business activities, whether or not the business is regularly carried on						
10	Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11	Total support (Add lines 7 through 10)						
12	Gross receipts from related activities, etc (See instructions)					12	
13	First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage			
14	Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f))	14	
15	Public Support Percentage for 2010 Schedule A, Part II, line 14	15	
16a	33 1/3% support test—2011. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
b	33 1/3% support test—2010. If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
17a	10%-facts-and-circumstances test—2011. If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
b	10%-facts-and-circumstances test—2010. If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization		
18	Private Foundation If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions		

Part IIIPart III

Support Schedule for Organizations Described in IRC 509(a)(2)
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support (Add lines 9, 10c, 11 and 12.)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here						

Section C. Computation of Public Support Percentage		
15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2011 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2011. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization		
b 33 1/3% support tests—2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here . The organization qualifies as a publicly supported organization		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions		

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527
▶ **Complete if the organization is described below.**
▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered “Yes,” to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered “Yes,” to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered “Yes,” to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization LUTHERAN CHARITY ASSOCIATION	Employer identification number 45-0231181
----------------------------------------------------------	--------------------------------------------------

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1	Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV	
2	Political expenditures	▶ \$
3	Volunteer hours	

Part I-B Complete if the organization is exempt under section 501(c)(3).

1	Enter the amount of any excise tax incurred by the organization under section 4955	▶ \$
2	Enter the amount of any excise tax incurred by organization managers under section 4955	▶ \$
3	If the organization incurred a section 4955 tax, did it file Form 4720 for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4a	Was a correction made?	<input type="checkbox"/> Yes <input type="checkbox"/> No
b	If "Yes," describe in Part IV	

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1	Enter the amount directly expended by the filing organization for section 527 exempt function activities	▶ \$
2	Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities	▶ \$
3	Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b	▶ \$
4	Did the filing organization file Form 1120-POL for this year?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5	Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV	

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A

Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A

Check

☐

if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)
- B

Check

☐

if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing Organization's Totals	(b) Affiliated Group Totals												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount Enter the amount from the following table in both columns															
<table><tr><td>If the amount on line 1e, column (a) or (b) is:</td><td>The lobbying nontaxable amount is:</td></tr><tr><td>Not over \$500,000</td><td>20% of the amount on line 1e</td></tr><tr><td>Over \$500,000 but not over \$1,000,000</td><td>\$100,000 plus 15% of the excess over \$500,000</td></tr><tr><td>Over \$1,000,000 but not over \$1,500,000</td><td>\$175,000 plus 10% of the excess over \$1,000,000</td></tr><tr><td>Over \$1,500,000 but not over \$17,000,000</td><td>\$225,000 plus 5% of the excess over \$1,500,000</td></tr><tr><td>Over \$17,000,000</td><td>\$1,000,000</td></tr></table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000														
Over \$17,000,000	\$1,000,000														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a If zero or less, enter -0-															
i Subtract line 1f from line 1c If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes <input type="checkbox"/> No													

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a)		(b)
		Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of	a Volunteers?		No	
	b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
	c Media advertisements?		No	
	d Mailings to members, legislators, or the public?		No	
	e Publications, or published or broadcast statements?		No	
	f Grants to other organizations for lobbying purposes?		No	
	g Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
	h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
	i Other activities? If "Yes," describe in Part IV	Yes		
	j Total lines 1c through 1i			6,442
	2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b If "Yes," enter the amount of any tax incurred under section 4912				
c If "Yes," enter the amount of any tax incurred by organization managers under section 4912				
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3	

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).	2a	
a	Current year		
b	Carryover from last year		
c	Total		
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV

Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information.

Identifier	Return Reference	Explanation
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	THE ORGANIZATION PAYS DUES TO VARIOUS PROFESSIONAL ORGANIZATIONS. A PORTION OF THOSE DUES ARE USED TOWARDS LOBBYING EXPENSES.

SCHEDULE D

(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ **Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public
Inspection

Name of the organization
LUTHERAN CHARITY ASSOCIATION

Employer identification number

45-0231181

Part I

Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year	
2	Aggregate contributions to (during year)	
3	Aggregate grants from (during year)	
4	Aggregate value at end of year	
5	Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	
6	Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit	
	<div><input type="checkbox"/> Yes</div> <div><input type="checkbox"/> No</div>	

Part II

Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1

Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure)

☐ Preservation of an historically importantly land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
a	Total number of conservation easements
b	Total acreage restricted by conservation easements
c	Number of conservation easements on a certified historic structure included in (a)
d	Number of conservation easements included in (c) acquired after 8/17/06

3

Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4

Number of states where property subject to conservation easement is located ▶ _____

5

Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?

☐ Yes

☐ No

6

Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7

Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____

8

Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?

☐ Yes

☐ No

9

In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a

If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b

If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i)

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

(ii)

Assets included in Form 990, Part X

▶ \$ _____

2

If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

Part III

Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3

Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other

4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5

During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

☐ Yes

☐ No

Part IV

Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a

Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV and complete the following table

	Amount
1c	
1d	
1e	
1f	

2a

Did the organization include an amount on Form 990, Part X, line 21?

☐ Yes

☐ No

b

If "Yes," explain the arrangement in Part XIV

Part V

Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance				
b	Contributions				
c	Investment earnings or losses				
d	Grants or scholarships				
e	Other expenditures for facilities and programs				
f	Administrative expenses				
g	End of year balance				

2

Provide the estimated percentage of the year end balance held as

a

Board designated or quasi-endowment ▶

b

Permanent endowment ▶

c

Term endowment ▶

3a

Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i)

unrelated organizations

(ii)

related organizations

b

If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

	Yes	No
3a(i)		
3a(ii)		
3b		

4

Describe in Part XIV the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		516,462		516,462
b Buildings		45,684,125	2,110,444	43,573,681
c Leasehold improvements				
d Equipment		12,836,686	5,046,755	7,789,931
e Other		25,679		25,679
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).) ▶				51,905,753

Schedule D (Form 990) 2011

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements			
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	31,727,579
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	35,875,547
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	-4,147,968
4	Net unrealized gains (losses) on investments	4	-44,969
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	-44,969
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-4,192,937

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return			
1	Total revenue, gains, and other support per audited financial statements	1	31,682,610
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	-44,969
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	-44,969
3	Subtract line 2e from line 1	3	31,727,579
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5	31,727,579

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return			
1	Total expenses and losses per audited financial statements	1	35,875,547
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	35,875,547
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	
c	Add lines 4a and 4b	4c	0
5	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5	35,875,547

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Identifier	Return Reference	Explanation
DESCRIPTION OF UNCERTAIN TAX POSITIONS UNDER FIN 48	PART X	IN ORDER TO ACCOUNT FOR ANY UNCERTAIN TAX POSITIONS, ASC TOPIC 740-10, ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES, REQUIRES AN ORGANIZATION TO ASSESS WHETHER IT IS MORE LIKELY THAN NOT THAT A TAX POSITION WILL BE SUSTAINED UPON EXAMINATION OF THE TECHNICAL MERITS OF THE POSITION, ASSUMING THE TAXING AUTHORITY HAS FULL KNOWLEDGE OF ALL INFORMATION. IF THE TAX POSITION DOES NOT MEET THE MORE-LIKELY-THAN-NOT RECOGNITION THRESHOLD, THE BENEFIT OF THE TAX POSITION IS NOT RECOGNIZED IN THE CONSOLIDATED FINANCIAL STATEMENTS. MANAGEMENT DOES NOT BELIEVE THE ORGANIZATION HAS ANY MATERIAL UNCERTAIN TAX POSITIONS OR UNRECOGNIZED TAX BENEFITS. THE ORGANIZATION'S FEDERAL INFORMATIONAL RETURNS FOR YEARS ENDED JUNE 30, 2009 AND BEYOND REMAIN SUBJECT TO EXAMINATION BY THE APPLICABLE TAXING AUTHORITIES.

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, question 20.**
▶ **Attach to Form 990. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LUTHERAN CHARITY ASSOCIATION

Employer identification number
45-0231181

Part I

Charity Care and Certain Other Community Benefits at Cost

		Yes	No	
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals <div><input type="checkbox"/> Applied uniformly to all hospitals</div> <div><input type="checkbox"/> Applied uniformly to most hospitals</div> <div><input type="checkbox"/> Generally tailored to individual hospitals</div>			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care <div><input type="checkbox"/> 100%</div> <div><input checked="" type="checkbox"/> 150%</div> <div><input type="checkbox"/> 200%</div> <div><input type="checkbox"/> Other _____%</div>	3a	Yes	
b	Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care <div><input checked="" type="checkbox"/> 200%</div> <div><input type="checkbox"/> 250%</div> <div><input type="checkbox"/> 300%</div> <div><input type="checkbox"/> 350%</div> <div><input type="checkbox"/> 400%</div> <div><input type="checkbox"/> Other _____%</div>	3b	Yes	
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a		No
6b	If "Yes," did the organization make it available to the public?	6b		
	Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H			

7

Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			449,430		449,430	1 290 %
b Medicaid (from Worksheet 3, column a)			3,170,689	2,535,290	635,399	1 820 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Charity Care and Means-Tested Government Programs			3,620,119	2,535,290	1,084,829	3 110 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total Other Benefits						
k Total. Add lines 7d and 7j			3,620,119	2,535,290	1,084,829	3 110 %

Part IICommunity Building Activities

Complete this table if the organization conducted any community building activities.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing						
2Economic development						
3Community support						
4Environmental improvements						
5Leadership development and training for community members						
6Coalition building						
7Community health improvement advocacy						
8Workforce development						
9Other						
10Total						

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

		Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?	1	No
2	Enter the amount of the organization's bad debt expense	2	709,532
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	583,770
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	12,926,281
6	Enter Medicare allowable costs of care relating to payments on line 5	6	13,242,434
7	Subtract line 6 from line 5. This is the surplus or (shortfall)	7	-316,153
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI.	9b	Yes

Part IVManagement Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Section A. Hospital Facilities

How many hospital facilities did the organization operate during the tax year? 1

Name and address

[illegible]

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

JAMESTOWN REGIONAL MEDICAL CENTER

Name of Hospital Facility:

Line Number of Hospital Facility (from Schedule H, Part V, Section A):1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8 If "Yes," indicate what the Needs Assessment describes (check all that apply) a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility b <input checked="" type="checkbox"/> Demographics of the community c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input checked="" type="checkbox"/> How data was obtained e <input checked="" type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet those needs h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)	1 Yes	
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 11		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4 Yes	
5 Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply) a <input checked="" type="checkbox"/> Hospital facility's website b <input checked="" type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)	5 Yes	
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply) a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input checked="" type="checkbox"/> Execution of the implementation strategy c <input checked="" type="checkbox"/> Development of a community-wide community benefit plan for the facility d <input checked="" type="checkbox"/> Participation in community-wide community benefit plan e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input checked="" type="checkbox"/> Prioritization of health needs in the community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7	No
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that		
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8 Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care 150 0000000000000000% If "No," explain in Part VI the criteria the hospital facility used	9 Yes	

Part V

Facility Information (continued)

		Yes	No	
10	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 000000000000%</u> If "No," explain in Part VI the criteria the hospital facility used	10	Yes	
11	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply) a <input checked="" type="checkbox"/> Income level b <input checked="" type="checkbox"/> Asset level c <input checked="" type="checkbox"/> Medical indigency d <input checked="" type="checkbox"/> Insurance status e <input type="checkbox"/> Uninsured discount f <input type="checkbox"/> Medicaid/Medicare g <input checked="" type="checkbox"/> State regulation h <input type="checkbox"/> Other (describe in Part VI)	11	Yes	
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply) a <input checked="" type="checkbox"/> The policy was posted at all times on the hospital facility's web site b <input checked="" type="checkbox"/> The policy was attached to all billing invoices c <input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms d <input type="checkbox"/> The policy was posted in the hospital facility's admissions offices e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients upon admission to the hospital facility f <input checked="" type="checkbox"/> The policy was available upon request g <input type="checkbox"/> Other (describe in Part VI)	13	Yes	

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP a <input checked="" type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments or arrests e <input checked="" type="checkbox"/> Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged a <input type="checkbox"/> Reporting to credit agency b <input type="checkbox"/> Lawsuits c <input type="checkbox"/> Liens on residences d <input type="checkbox"/> Body attachments e <input type="checkbox"/> Other similar actions (describe in Part VI)	16		No
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply) a <input type="checkbox"/> Notified patients of the financial assistance policy upon admission b <input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge c <input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills d <input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy e <input type="checkbox"/> Other (describe in Part VI)			

Part V

Facility Information (continued)

Policy Relating to Emergency Medical Care

		Yes	No
18	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate why	Yes	
a	<input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b	<input type="checkbox"/> The hospital facility's policy was not in writing		
c	<input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d	<input type="checkbox"/> Other (describe in Part VI)		

Individuals Eligible for Financial Assistance

19	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care		
a	<input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b	<input type="checkbox"/> The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c	<input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d	<input type="checkbox"/> Other (describe in Part VI)		
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Part VI		No
21	Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient? If "Yes," explain in Part VI		No

Part V

Facility Information (continued)

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

Name and address		Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI

Supplemental Information

Complete this part to provide the following information

- 1
- Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- 2
- Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B
- 3
- Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4
- Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5
- Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)
- 6
- Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served
- 7
- State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7 THE COSTING METHODOLOGY IS THE COST TO CHARGES RATIO

Identifier	ReturnReference	Explanation
		PART I, LINE 7, COLUMN (F) THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 939722

Identifier	ReturnReference	Explanation
		PART II JAMESTOWN REGIONAL MEDICAL CENTER PROVIDES SEVERAL LOW COST EDUCATIONAL TRAINING SESSIONS AT THE HOSPITAL AND AT DIFFERENT LOCATIONS IN THE COMMUNITY FOR EXAMPLE, JAMESTOWN REGIONAL MEDICAL CENTER PROVIDES BREAST FEEDING, CAR SEAT TRAINING, PRENATAL TRAINING, AND HAPPIEST BABY ON THE BLOCK CLASSES NEW YEAR NEW YOU FITNESS CHALLENGE WAS INTRODUCED IN 2008 TO ENCOURAGE AREA RESIDENTS TO MAKE POSITIVE LIFESTYLE CHANGES AND REDUCE THE RISK OF HEART DISEASE, DIABETES, OBESITY AND TOBACCO USE

Identifier	ReturnReference	Explanation
		<p>PART III, LINE 4 IN EVALUATING THE COLLECTIBILITY OF PATIENT ACCOUNTS RECEIVABLE, THE ORGANIZATION ANALYZES PAST RESULTS AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYOR SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR DOUBTFUL ACCOUNTS AND PROVISION FOR BAD DEBTS. MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYOR SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS. SPECIFICALLY, FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE ORGANIZATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS AND A PROVISION FOR BAD DEBTS FOR EXPECTED UNCOLLECTIBLE AMOUNTS FOR WHICH THE THIRD-PARTY PAYER HAS NOT YET PAID, OR FOR PAYERS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY. FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), THE ORGANIZATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE STANDARD RATES (OR THE DISCOUNTED RATES IF NEGOTIATED) AND THE AMOUNTS ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS. THERE WERE 272 GURANTORS GIVEN CHARITY CARE IN FY 2012. THERE WAS A TOTAL OF \$595,236.50 GIVEN AS CHARITY CARE IN FY 2012. THE AVERAGE CLAIM PER GURANTOR WAS \$2,188.37 AND THERE WERE AN ADDITIONAL 351 GURANTORS WHO TOOK APPLICATIONS AND DID NOT RETURN THEM.</p>

Identifier	ReturnReference	Explanation
		PART III, LINE 8 THE COSTING METHODOLOGY USED IS COST TO CHARGE RATIO AS REQUIRED BY MEDICARE SHORTFALL IS NOT INDICATIVE OF ANY CHANGE IN COMMUNITY BENEFIT AS THE COSTING METHODOLOGY AND DETERMINATION OF ALLOWABLE COSTS HAVE NOT CHANGED FROM PRIOR YEAR

Identifier	ReturnReference	Explanation
		PART III, LINE 9B NO COLLECTIONS EFFORT WILL BE MADE BY JAMESTOWN REGIONAL MEDICAL CENTER OR ITS COLLECTION AGENCIES ON THE PERCENTAGE OF COMMUNITY CARE APPROVED HOWEVER, PATIENTS MUST HAVE COMPLETED THE COMMUNITY CARE APPLICATION PROCESS, ESTABLISH THEIR ELIGIBILITY, AND HAVE BEEN APPROVED IF SUCH A PATIENT IS MISTAKENLY BILLED, HOSPITAL STAFF WILL APOLOGIZE FOR THE ERROR AND CORRECT THE MISTAKE

Identifier	ReturnReference	Explanation
JAMESTOWN REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 3 LOGAN COUNTY CONDUCTED THE PAPER SURVEY STUTSMAN COUNTY CONDUCTED THE IN-PERSON SURVEY,

Identifier	ReturnReference	Explanation
JAMESTOWN REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 4 CENTRAL VALLEY HEALTH SANFORD HEALTH ESSENTIA HEALTH NORTH DAKOTA STATE HOSPITAL

Identifier	ReturnReference	Explanation
JAMESTOWN REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 7 THE TOP FOUR ISSUES WERE CHOSEN BASED ON WHICH WERE EASIEST TO IDENTIFY AND HAD THE MOST REALISTIC LEVEL OF ACHIEVING

Identifier	ReturnReference	Explanation
JAMESTOWN REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 15E REPORTING TO COLLECTION AGENCY

Identifier	ReturnReference	Explanation
JAMESTOWN REGIONAL MEDICAL CENTER		PART V, SECTION B, LINE 19D PATIENTS ARE BILLED THE NORMAL CHARGE AMOUNTS WE DO OFFER A 20% DISCOUNT FOR PROMPT PAYMENT IF THE PATIENT DOES A PRIVATE PAY (SUCH AS CASH, CHECK OR CREDIT CARD)

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 JAMESTOWN REGIONAL MEDICAL CENTER HAS PARTNERED WITH CENTRAL VALLEY HEALTH AND OTHER LOCAL AGENCIES AND DEVELOPED A COMMUNITY HEALTH ASSESSMENT FOR THE 5 COUNTIES, STUTSMAN, BARNES, LOGAN, WELLS AND LAMOURE, SERVED BY CENTRAL VALLEY HEALTH AND JAMESTOWN REGIONAL MEDICAL CENTER THIS ROLE WAS A PART OF THE HOSPITAL'S 5 YEAR STRATEGIC PLAN

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 ALL PATIENTS RECEIVE A "PAYMENT GUIDELINES" BROCHURE AT TIME OF REGISTRATION, WHICH NOTIFIES THE PATIENTS ON HOW TO APPLY FOR CHARITY CARE AS WELL AS EXPLAINS THE CLAIM FILING PROCESS, RESPONSIBLE PARTY, CO-PAYS AND PAYMENTS ALL PRIVATE PAY PATIENTS RECEIVE A LETTER WHICH LISTS CHARITY CARE AS A PAYMENT ALTERNATIVE TO THOSE WHO QUALIFY OUR WEBSITE CONTAINS A CHARITY LINK WHICH EXPLAINS THE PROGRAM AND ALLOWS FORMS TO BE DOWNLOADED AND PRINTED

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 JAMESTOWN REGIONAL MEDICAL CENTER SERVES A NINE COUNTY AREA OF SOUTH CENTRAL NORTH DAKOTA THE PRIMARY INDUSTRY IS AGRICULTURE THE POPULATION IS 52,155 WITH 21% OVER THE AGE OF 65 THE AVERAGE AGE IS 42 MALE AND FEMALE POPULATION IS SPLIT EVENLY AVERAGE INCOME BY HOUSEHOLD IS \$53,650 THERE ARE TWO COLLEGES WITHIN JAMESTOWN REGIONAL MEDICAL CENTER TRADE AREA JAMESTOWN REGIONAL MEDICAL CENTER IS THE ONLY BIRTHING CENTER WITHIN IN A 90 MILE RADIUS

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 A MAJORITY OF THE GOVERNING BODY IS COMPRISED OF PERSONS WHO RESIDE IN THE ORGANIZATION'S PRIMARY SERVICE AREA WHO ARE NEITHER EMPLOYEES NOR CONTRACTORS OF JAMESTOWN REGIONAL MEDICAL CENTER, NOR FAMILY MEMBERS THEREOF JAMESTOWN REGIONAL MEDICAL CENTER EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY FOR SOME OF ITS DEPARTMENTS JAMESTOWN REGIONAL MEDICAL CENTER HAS COMPLETED CONSTRUCTION ON A REPLACEMENT HOSPITAL WHICH WILL HAVE MANY UPGRADES IN TECHNOLOGY, MOST OF WHICH ARE RELATED TO IMPROVING PATIENT CARE

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 N/A

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2011

Open to Public Inspection

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

Name of the organization
LUTHERAN CHARITY ASSOCIATION

Employer identification number

45-0231181

Part I

Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items		
	<div><div><input type="checkbox"/> First-class or charter travel</div><div><input type="checkbox"/> Housing allowance or residence for personal use</div></div> <div><div><input type="checkbox"/> Travel for companions</div><div><input type="checkbox"/> Payments for business use of personal residence</div></div> <div><div><input type="checkbox"/> Tax idemnification and gross-up payments</div><div><input type="checkbox"/> Health or social club dues or initiation fees</div></div> <div><div><input type="checkbox"/> Discretionary spending account</div><div><input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</div></div>		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply		
	<div><div><input type="checkbox"/> Compensation committee</div><div><input type="checkbox"/> Written employment contract</div></div> <div><div><input checked="" type="checkbox"/> Independent compensation consultant</div><div><input type="checkbox"/> Compensation survey or study</div></div> <div><div><input type="checkbox"/> Form 990 of other organizations</div><div><input checked="" type="checkbox"/> Approval by the board or compensation committee</div></div>		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization		
a	Receive a severance payment or change-of-control payment?		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		No
c	Participate in, or receive payment from, an equity-based compensation arrangement?		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III		
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.		
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 5a or 5b, describe in Part III		
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of		
a	The organization?		No
b	Any related organization?		No
	If "Yes," to line 6a or 6b, describe in Part III		
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III		No
8	Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual.

[illegible]

Part III **Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
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SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization

LUTHERAN CHARITY ASSOCIATION

Employer identification number

45-0231181

Identifier	Return Reference	Explanation
NEW PROGRAM SERVICES	FORM 990, PART III, LINE 2	ORTHOPEDIC DEPARTMENT - JAMESTOWN REGIONAL MEDICAL CENTER HAS 1 ORTHOPEDIC SURGEON SPECIALIZING IN KNEE ARTHROSCOPY , FRACTURE REPAIR, AND TOTAL JOINT REPLACEMENT THE ORTHOPEDIC DEPARTMENT ALSO SERVES AS JAMESTOWN'S SPORTS MEDICINE TEAM AND PARTNERS WITH THE LOCAL HIGH SCHOOL TO PROVIDE SERVICES SUCH AS PROACTIVE PREVENTION OF ATHLETIC INJURIES, ADVISE COACHES IN STRENGTH AND CONDITIONING, AND DESIGN AND SUPERVISE REHABILITATION PROGRAMS FOR ATHLETIC INJURIES
	FORM 990, PART VI, SECTION A, LINE 4	THE ORGANIZATION AMENDED THE BYLAWS IN SEVERAL AREAS THERE WERE CHANGES IN CONTENT INCLUDING THE MISSION STATEMENT, VISION STATEMENT, THE "DOING BUSINESS AS" NAME, LOCATION OF THE BUSINESS AND SOME CORE VALUES THE PREAMBLE WAS SHORTENED AND THERE WAS A NON-DISCRIMINATION STATEMENT ADDED IN ADDITION, THERE WERE AMENDMENTS TO BYLAWS IN THE TEXT REGARDING MEETINGS NOW THE NOTICE FOR MEETINGS SHALL BE 7 DAYS FOR REGULAR MEETINGS AND 24 HOURS FOR SPECIAL MEETINGS OR WHEN MEMBERS NOT PRESENT, WAIVE NOTICE THERE IS NO LONGER A PROVISION THAT THE CEO MAY BE A MEMBER OF THE BOARD CEO WILL BE AN EX OFFICIO MEMBER OF THE BOARD THE DUTIES AND RESPONSIBILITIES OF CEO ARE NO LONGER INCLUDED IN THE BYLAWS AS WELL THERE WERE PROVISIONS REMOVED, THERE IS NO LONGER A PROVISION FOR LAST TERM IF MEMBER BECOMES AGE 70 DURING TERM THE TREASURER NO LONGER HAS CUSTODY OF ALL THE FUNDS OF THE CORPORATION ALSO, THERE IS NO LONGER A PROVISION FOR THE HOSPICE SERVICE THERE WERE ALSO ADDITIONS TO RULES FOR THE BOARD AND MEMBERS NEW LANGUAGE STATES THAT REGULAR MEETINGS SHALL BE HELD AT LEAST QUARTERLY RATHER THAN MONTHLY A MEMBER MAY BE REMOVED AT ANY TIME FOR FAILURE TO ATTEND 3 CONSECUTIVE BOARD MEETINGS WITHOUT SATISFACTORY EXCUSE OR PURSUING OBJECTIVES INCONSISTENT WITH JAMESTOWN REGIONAL MEDICAL CENTER ALSO, THE BOARD CAN NOW TAKE ACTION WITHOUT A MEETING UNDER CERTAIN CONDITIONS
	FORM 990, PART VI, SECTION B, LINE 11	THE PREPARER OF FORM 990 EMAILS A COPY OF THE FINAL 990 TO THE ORGANIZATION'S CHIEF FINANCIAL OFFICER THE CHIEF FINANCIAL OFFICER PERFORMS A DETAIL REVIEW OF FORM 990 THE CHIEF FINANCIAL OFFICER PROVIDES EACH VOTING BOARD MEMBER WITH A COPY OF FORM 990 BEFORE IT IS FILED WITH THE IRS
	FORM 990, PART VI, SECTION B, LINE 12C	DIRECTORS ARE ASKED AT EVERY BOARD MEETING WHETHER OR NOT ANYONE HAS A DUALITY OF INTEREST OR CONFLICT OF INTEREST DIRECTORS HAVING A DUALITY OF INTEREST OR A POSSIBLE CONFLICT OF INTEREST ON ANY MATTER WHICH COMES BEFORE THE BOARD SHALL NOT VOTE ON THE MATTER OR USE THEIR PERSONAL INFLUENCE ON THE MATTER THE MINUTES OF THE MEETING SHALL REFLECT THAT A DISCLOSURE OF DUALITY OR CONFLICT OF INTEREST WAS MADE, AND THE DIRECTOR MAKING SUCH A DISCLOSURE SHALL NOT BE COUNTED IN DECLARING A QUORUM FOR THE DETERMINATION OF THE MATTER THIS PROVISION SHALL NOT BE CONSTRUED AS PREVENTING THE DIRECTOR FROM BRIEFLY STATING A POSITION ON THE MATTER NOR FROM ANSWERING PERTINENT QUESTIONS
	FORM 990, PART VI, SECTION B, LINE 15	FOR THE CEO, THE BOARD CHAIRMAN CONVERSES WITH AN HR CONSULTANT ON MARKET WAGES AND EVALUATION PROCESS EVALUATION FORMS ARE TYPICALLY COMPLETED BY BOARD MEMBERS AND THE BOARD CHAIRMAN CONDUCTS THE ACTUAL EVALUATION COMPARABILITY DATA WAS USED BY THOSE WITHOUT CONFLICT AND THE DECISIONS WERE DOCUMENTED
	FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION DOES NOT MAKE ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE TO THE PUBLIC PRIOR YEAR 990S CAN BE OBTAINED BY REQUEST OR THROUGH GUIDESTAR
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -44,969
	FORM 990, PART XII, LINE 2C	THE CHIEF FINANCIAL OFFICER ASSUMES OVERSIGHT OF THE AUDIT OF THE ORGANIZATION'S FINANCIAL STATEMENTS THE BOARD OF DIRECTORS WITH THE CHIEF FINANCIAL OFFICER ASSUME RESPONSIBILITY FOR SELECTION OF AN INDEPENDENT ACCOUNTANT THE PROCESS HAS NOT CHANGED FROM PRIOR YEAR

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LUTHERAN CHARITY ASSOCIATION

Employer identification number
45-0231181

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) JAMESTOWN REGIONAL MEDICAL CENTER FOUNDATION INC 2422 20TH ST SW JAMESTOWN, ND 58401 36-3348763	FUNDRAISING	ND	501(C)(3)	LINE 11A, I	LUTHERAN CHARITY ASSOCIATION	Yes	

Part III

Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512- 514)	(f) Share of total income	(g) Share of end-of- year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership

Part V

Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

1

During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a

Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity

b

Gift, grant, or capital contribution to related organization(s)

c

Gift, grant, or capital contribution from related organization(s)

d

Loans or loan guarantees to or for related organization(s)

e

Loans or loan guarantees by related organization(s)

f

Sale of assets to related organization(s)

g

Purchase of assets from related organization(s)

h

Exchange of assets with related organization(s)

i

Lease of facilities, equipment, or other assets to related organization(s)

j

Lease of facilities, equipment, or other assets from related organization(s)

k

Performance of services or membership or fundraising solicitations for related organization(s)

l

Performance of services or membership or fundraising solicitations by related organization(s)

m

Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

n

Sharing of paid employees with related organization(s)

o

Reimbursement paid to related organization(s) for expenses

p

Reimbursement paid by related organization(s) for expenses

q

Other transfer of cash or property to related organization(s)

r

Other transfer of cash or property from related organization(s)

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

No

No

Yes

No

Yes

No

No

No

No

No

No

No

Yes

Yes

No

Yes

No

No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) JAMESTOWN HOSPITAL FOUNDATION INC	C	1,212,687	COST-AFFILIATED ORGANIZATION
(2) JAMESTOWN HOSPITAL FOUNDATION INC	E	46,000,000	COST-AFFILIATED ORGANIZATION
(3) JAMESTOWN HOSPITAL FOUNDATION INC	P	207,952	COST-AFFILIATED ORGANIZATION
(4)			
(5)			
(6)			

Schedule R (Form 990) 2011

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

[illegible]

Part VII

Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	
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Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Jamestown, North Dakota

Consolidated Financial Statements and Supplementary
Information

Years Ended June 30, 2012 and 2011

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidated Financial Statements and Supplementary Information
Years Ended June 30, 2012 and 2011

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Independent Auditor's Report

Board of Directors

Lutheran Charity Association d/b/a Jamestown Regional Medical Center

Jamestown, North Dakota

We have audited the accompanying consolidated balance sheets of Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate (the "Organization") as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate, at June 30, 2012 and 2011, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated October 3, 2012, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

A handwritten signature in cursive script that reads "Wipfli LLP".

Wipfli LLP

October 3, 2012

Minneapolis, Minnesota

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidated Balance Sheets June 30, 2012 and 2011

<i>Assets</i>	2012	2011
Current assets		
Cash	\$ 3,538,220	\$ 3,538,640
Assets limited as to use - Current portion	290,029	1,125,911
Patient accounts receivable - Net	5,049,958	3,595,207
Due from third-party reimbursement programs	675,000	-
Other accounts receivable	221,083	183,460
Pledges receivable - Current portion	73,268	91,137
Supplies inventory	552,836	449,477
Prepaid expenses and other	103,054	142,271
Total current assets	10,503,448	9,126,103
Investments	10,358,334	11,300,107
Assets limited as to use - Less current portion	1,411,279	2,725,441
Property and equipment - Net	51,905,753	52,453,531
Other assets		
Property held for investment, at cost	110,314	110,314
Beneficial interest in perpetual trust	74,598	72,989
Pledges receivable - Less current portion	310,707	565,942
Cash surrender value of life insurance	6,649	6,534
Unamortized debt issue costs	1,333,414	752,378
Total other assets	1,835,682	1,508,157
TOTAL ASSETS	\$ 76,014,496	\$ 77,113,339

<i>Liabilities and Net Assets</i>	2012	2011
Current liabilities		
Current maturities of long-term debt	\$ 295,966	\$ 790,000
Current portion of obligations under capital leases	299,397	133,104
Accounts payable - Trade	558,165	712,019
Accounts payable - Construction	284,250	5,399,777
Due to third-party reimbursement programs	-	155,000
Accrued liabilities		
Salaries and other	1,698,266	1,560,742
Health insurance	115,600	115,600
Interest	543,197	520,439
Pension	408,000	346,800
Other current liabilities	19,323	16,340
Total current liabilities	4,222,164	9,749,821
Long-term liabilities		
Annuities payable	88,502	76,531
Long-term debt - Less current maturities	45,336,302	36,960,699
Obligations under capital lease - Less current portion	644,219	208,742
Deferred rent	637,395	-
Total long-term liabilities	46,706,418	37,245,972
Total liabilities	50,928,582	46,995,793
Net assets		
Unrestricted	22,529,926	26,893,559
Temporarily restricted	1,680,385	2,355,299
Permanently restricted	875,603	868,688
Total net assets	25,085,914	30,117,546
TOTAL LIABILITIES AND NET ASSETS	\$ 76,014,496	\$ 77,113,339

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidated Statements of Operations

Years Ended June 30, 2012 and 2011

	2012	2011
Revenue		
Patient service revenue (net of contractual adjustments and discounts)	\$ 33,081,605	\$ 25,823,583
Provision for bad debts	(939,722)	(1,080,129)
Net patient service revenue	32,141,883	24,743,454
Other revenue	812,639	860,114
Net assets released from restrictions	24,467	57,440
Total revenue	32,978,989	25,661,008
Expenses		
Salaries and wages	14,600,353	12,894,692
Employee benefits	3,326,034	2,963,691
Supplies and other	11,585,457	8,545,083
Provision for uncollectible pledges	20,000	-
Depreciation and amortization	3,744,924	1,316,849
Interest expense	1,947,652	45,461
Total expenses	35,224,420	25,765,776
Loss from operations	(2,245,431)	(104,768)
Other income		
Investment income	372,396	569,652
Contributions	24,086	837,597
Gain (loss) on disposal of property and equipment	(3,689,537)	501
Total other income	(3,293,055)	1,407,750
Revenue in excess (deficiency) of expenses	(5,538,486)	1,302,982
Other changes in unrestricted net assets		
Change in unrealized gains and losses on investments other than trading securities	(37,834)	358,682
Net assets released from restrictions used for property and equipment	1,212,687	592,560
Increase (decrease) in unrestricted net assets	\$ (4,363,633)	\$ 2,254,224

See accompanying notes to consolidated financial statements

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidated Statements of Changes in Net Assets Years Ended June 30, 2012 and 2011

	2012	2011
Unrestricted net assets		
Revenue in excess (deficiency) of expenses	\$ (5,538,486)	\$ 1,302,982
Change in unrealized gains and losses on investments other than trading securities	(37,834)	358,682
Net assets released from restrictions used for property and equipment	1,212,687	592,560
Increase (decrease) in unrestricted net assets	(4,363,633)	2,254,224
Temporarily restricted net assets		
Contributions for specific purposes	562,240	1,632,087
Net assets released from restrictions	(1,237,154)	(650,000)
Increase (decrease) in temporarily restricted net assets	(674,914)	982,087
Permanently restricted net assets		
Contributions for endowment fund	6,915	7,573
Change in net assets	(5,031,632)	3,243,884
Net assets at beginning	30,117,546	26,873,662
Net assets at end	\$ 25,085,914	\$ 30,117,546

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidated Statements of Cash Flows Years Ended June 30, 2012 and 2011

	2012	2011
Increase (decrease) in cash and cash equivalents		
Cash flows from operating activities		
Change in net assets	\$ (5,031,632)	\$ 3,243,884
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,744,924	1,316,849
Provision for bad debts	939,722	1,080,129
Provision for uncollectible pledges	20,000	-
Amortization of bond discount	-	2,131
(Gain) loss on disposal of property and equipment	3,689,537	(501)
Change in unrealized gains and losses on investments other than trading securities	37,834	(358,682)
Net realized gains on investments	(30,412)	(241,145)
Contributions restricted by donors	(569,155)	(1,639,660)
Changes in operating assets and liabilities		
Patient accounts receivable	(2,394,473)	(1,208,205)
Due from third-party reimbursement programs	-	55,000
Other accounts receivable	(37,623)	(170,506)
Supplies inventory	(103,359)	(13,125)
Prepaid expenses and other	39,217	45,529
Pledges receivable	253,104	(23,065)
Accounts payable - Trade	(153,854)	176,106
Due to (from) third-party reimbursement programs	(830,000)	155,000
Accrued liabilities	221,482	400,810
Other current liabilities	2,983	16,340
Deferred rent	637,395	-
Total adjustments	5,467,322	(406,995)
Net cash provided by operating activities	435,690	2,836,889

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidated Statements of Cash Flows (Continued)

Years Ended June 30, 2012 and 2011

	2012	2011
Cash flows from investing activities		
Purchase of property and equipment	\$ (12,010,751)	\$ (29,913,624)
Proceeds from sales of property and equipment	49,027	-
Decrease in assets limited as to use	2,150,044	9,989,591
(Increase) decrease in investments	934,351	(3,466,810)
Increase in annuities payable	11,971	15,120
Increase in cash surrender value of life insurance	(115)	-
Net cash used in investing activities	(8,865,473)	(23,375,723)
Cash flows from financing activities		
Contributions restricted by donors	569,155	1,639,660
Increase in beneficial interest in perpetual trust	(1,609)	(1,996)
Proceeds from issuance of long-term debt	9,895,917	18,918,943
Payments of debt issuance costs	(621,522)	(31,087)
Principal payments on long-term debt and capital lease obligations	(1,412,578)	(973,459)
Net cash provided by financing activities	8,429,363	19,552,061
Net decrease in cash and cash equivalents	(420)	(986,773)
Cash and cash equivalents at beginning	3,538,640	4,525,413
Cash and cash equivalents at end	\$ 3,538,220	\$ 3,538,640

Supplemental cash flow information

Cash paid during the year for interest, including net capitalized interest of \$158,986 and \$1,453,396, as of June 30, 2012 and 2011, respectively	\$ 2,082,023	\$ 1,290,020
Noncash investing and financing activities		
Property and equipment in accounts payable	\$ 284,250	\$ 5,399,777

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

The Entity

Lutheran Charity Association d/b/a Jamestown Regional Medical Center, Inc (the "Medical Center") is organized as a North Dakota nonprofit corporation and operates a 25-bed critical access hospital in Jamestown, North Dakota

The Medical Center is the sole beneficiary of fund-raising activities sponsored by Jamestown Regional Medical Center Foundation, Inc ("Foundation"), a North Dakota nonprofit corporation. The Medical Center's Board of Directors nominates the Foundation's Board members.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Medical Center and the Foundation (collectively referred to as the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Organization follows accounting standards contained in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernmental entities in the preparation of financial statements in conformity with GAAP.

Use of Estimates in Preparation of Consolidated Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents, excluding amounts held as assets limited as to use and investments. The Organization had no cash equivalents at June 30, 2012 and 2011.

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payer agreements. The Organization bills third-party payers on the patients behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payer, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statement.

The Organization does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and allowances for doubtful accounts which reflect management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to contractual allowances accounts. In addition, management provides for probable uncollectible amounts, primarily uninsured patients and amounts patients are personally responsible for, through a reduction of gross revenue and a credit to a valuation allowance.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy (Continued)

In evaluating the collectibility of patient accounts receivable, the Organization analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. Specifically, for receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts for expected uncollectible amounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

Supplies inventory

Supplies inventory is valued at the lower of cost, determined using the first-in, first-out method, or market.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the accompanying consolidated balance sheets. Certificates of deposit are carried at cost plus accrued interest.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) on funds held by a trustee for principal and interest payments are reported as other revenue. All other investment income (including realized gains and losses, interest, and dividends) is reported as investment income and is included in revenue in excess (deficiency) of expenses unless the income is restricted by donor or law. Unrealized gains and losses on investments are excluded from revenue in excess (deficiency) of expenses unless the investments are trading securities. Realized gains or losses are determined by specific identification.

The Organization monitors the difference between the cost and fair value of its investments. A decline in market value of an individual investment security below cost that is deemed to be other-than-temporary results in an impairment and the Organization reduces the investment's carrying value to fair value. A new cost basis is established for the investment and any impairment loss is recorded as a realized loss in investment income.

Assets Limited as to Use

Assets limited as to use include assets designated by the Board of Directors for self-funded health insurance benefits, over which the Board retains control and may, at its discretion, subsequently use for other purposes, and assets held by a trustee under the bond indenture agreement. Amounts required to meet current liabilities of the Organization have been classified as current assets.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property, Equipment, and Depreciation

Property and equipment acquisitions are recorded at cost or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included with depreciation expense in the accompanying consolidated financial statements. Estimated useful lives range from 2 to 20 years for equipment and from 3 to 52 years for land improvements, buildings, and fixed equipment.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support and are excluded from revenue in excess (deficiency) of expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support in temporarily restricted net assets. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported as net assets released from restrictions when the donated or acquired long-lived assets are placed in service.

Asset Impairment

The Organization reviews its property and equipment periodically to determine potential impairment. If an impairment exists, an impairment loss is recognized. No asset impairments were recognized in fiscal 2012 or 2011.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Asset Retirement Obligations

ASC Topic 410, *Accounting for Conditional Asset Retirement Obligations*, clarifies when an entity is required to recognize a liability for a conditional asset retirement obligation. The Organization has considered ASC Topic 410 specifically as it relates to its legal obligation to perform asset retirement activities on its existing properties. The Organization believes there is an indeterminate settlement date for the asset retirement obligations because the range of time over which the Organization may settle the obligation is unknown and cannot be estimated. As a result, the Organization cannot reasonably estimate the liability related to these asset retirement activities as of June 30, 2012 and 2011.

Unamortized Debt Issue Costs

Costs related to the issuance of long-term debt are amortized over the life of the related debt using the bonds outstanding method. Amortization of debt issue costs is included in depreciation and amortization in the accompanying consolidated statements of operations.

Pledges Receivable

Unconditional promises to give with payments due in future periods (i.e., pledges receivable) are reported at the net present value of expected future receipts, less an allowance for estimated uncollectible amounts. Pledges are treated as temporarily restricted net assets until collected (inherent time restriction), unless the donor intended the pledge to be used to support activities of the current period. Pledges intended to support current activities are recorded as unrestricted support in the period the promise is received. Pledges intended to support the endowment fund are included in permanently restricted net assets.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cash Surrender Value of Life Insurance

The Organization is the owner and sole beneficiary of individual life insurance policies. Increases in the cash surrender value and dividends received from these life insurance policies are recorded as other income in the accompanying consolidated statements of operations. The face value of the life insurance policies at June 30, 2012 and 2011, was approximately \$25,000.

Charitable Gift Annuities

Charitable gift annuities are recorded at fair value at the date received. The Organization records a liability for the present value of the payments due under terms of the annuity contract.

A contribution is recorded for the difference between the fair value of the gift and the liability recorded. Investment income and gains and losses are charged to the appropriate investment account, and annuity payments are charged to the liability account. Periodically, an adjustment is made to the liability to record gain or loss due to recomputation of the liability based on revised life expectancy. Upon death of the donor annuitant, the Organization recognizes the existing liability as a change in the value of the annuity and the related asset is available for use by the Organization.

Self-Funded Health Insurance

The Organization self-funds health benefits for eligible employees and their dependents. Health insurance expense is recorded on an accrual basis. An accrued liability is recorded at year-end, which estimates the incurred but not yet reported claims. The Organization has stop loss insurance to cover catastrophic claims.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Rent

Deferred rent consists of a single prepayment received for all base rent due under terms of a ground lease agreement with the developer of a medical office building constructed on land adjacent to the Organization's hospital building. The Organization has the option to purchase the medical office building at intervals specified in the ground lease agreement. If the Organization chooses to exercise the option to purchase the medical office building, any prepayments would be refundable to the developer. The prepaid rents are being amortized into rental revenue on a straight-line basis over the 99 year term of the ground lease agreement.

Net Assets

Unrestricted net assets consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources that have been designated for special use by the Organization's Board of Directors. Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Revenue in Excess (Deficiency) of Expenses

The accompanying consolidated statements of operations include the classification "revenue in excess (deficiency) of expenses", which is considered the operating indicator. Changes in unrestricted net assets which are excluded from the operating indicator include unrealized gains and losses on investments other than trading securities, permanent transfer of assets to and from affiliates for other than goods and services, contributions of long-lived assets, including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Service Revenue

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. Certain third-party payor reimbursement agreements are subject to audit and retrospective adjustments. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a significant provision for bad debts related to uninsured patients in the period the services are provided.

Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The Organization maintains records to identify the amount of charges forgone for services and supplies furnished under the charity care policy. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

The estimated cost of providing charity to patients under the Organization's charity care policy is calculated by multiplying the Organization's ratio of cost to gross charges by the gross uncompensated charges associated with providing charity care.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Contributions

Contributions are considered available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

Advertising Costs

Advertising costs are expensed as incurred.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Income Taxes

The Medical Center and Foundation are tax-exempt corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Code

In order to account for any uncertain tax positions, ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, requires an organization to assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of the tax position is not recognized in the consolidated financial statements. Management does not believe the Organization has any material uncertain tax positions or unrecognized tax benefits.

The Organization's federal informational returns for years ended June 30, 2009 and beyond remain subject to examination by the applicable taxing authorities.

Subsequent Events

Subsequent events have been evaluated through October 3, 2012, which is the date the consolidated financial statements were available to be issued.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In August 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-23, *Measuring Charity Care for Disclosure*. This ASU amends ASC Topic 954 and requires entities to use cost as the measurement basis for charity care disclosures, including both direct and indirect costs. Entities are also required to disclose the method used to determine these costs, such as directly from a costing system or through an estimation process. The Organization adopted the guidance in this ASU for the year ended June 30, 2012. The amount of charity care for the year ended June 30, 2011, has been restated to reflect the estimated cost.

In July 2011, the FASB issued ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and Allowance for Doubtful Accounts for Certain Health Care Entities*. This ASU amends ASC Topic 954 and requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. Entities are also required to enhance disclosures about their policies for recognizing revenue and assessing bad debts. Additionally, this guidance requires disclosure of qualitative and quantitative information about changes in the allowance for doubtful accounts. The guidance in this ASU is effective for the Organization's year ending June 30, 2013, with early adoption permitted. The Organization early adopted the guidance in the ASU No. 2011-07 for the year ended June 30, 2012. The presentation of the provision for bad debts for the year ended June 30, 2011 has been reclassified on the accompanying consolidated statement of operations in order to conform to the classifications used in 2012.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 2 Reimbursement Arrangements With Third-Party Payers

The Organization has agreements with third-party payers that provide for reimbursement at amounts that vary from its established rates. A summary of the basis of reimbursement with major third-party payers follows:

Medicare - Inpatient and outpatient hospital services are paid based upon a cost-reimbursement methodology. Certain professional services provided by physicians are reimbursed based on prospectively determined fee schedules.

Medicaid - Inpatient and outpatient services are paid based on a cost-reimbursement methodology. Inpatient services are reimbursed during the year using Medicare interim per diem rates, decreased by one percent. Outpatient services are reimbursed during the year at Medicare outpatient interim payment rates.

Others - The Organization has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Accounting for Contractual Arrangements

The Organization is reimbursed for cost-reimbursable items at interim rates with final settlements determined after audit of the Organization's related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying consolidated financial statements. The Organization's cost reports have been audited by the Medicare fiscal intermediary through June 30, 2010.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 2 Reimbursement Arrangements With Third-Party Payers (Continued)

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Government activity with respect to investigations and allegations concerning possible violations of such regulations by health care providers has increased. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayment for patient services previously billed. Management believes that the Organization is in compliance with applicable government laws and regulations. While no significant regulatory inquiries have been made of the Organization, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Centers for Medicare & Medicaid Services (CMS) uses recovery audit contractors (RACs) as part of its further efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that might have been made to health care providers and were not detected through existing CMS program-integrity efforts. Once a RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Organization will then have the opportunity to appeal the adjustment before final settlement of the claim is made. As of June 30, 2012, the Organization has not been notified by the RAC of any potential significant reimbursement adjustments.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 3 Patient Accounts Receivable

Patient accounts receivable consisted of the following at June 30

	2012	2011
Patient accounts receivable	\$ 7,791,044	\$ 5,942,248
Less		
Contractual adjustments	1,679,976	1,370,041
Allowance for doubtful accounts	1,061,110	977,000
Patient accounts receivable - Net	\$ 5,049,958	\$ 3,595,207

The Organization's allowance for doubtful accounts for self-pay patients decreased from 52% of self-pay accounts receivable at June 30, 2011, to 49% of self-pay accounts receivable at June 30, 2012. Bad debt write-offs were approximately \$1,356,000 and \$1,202,000 for the years ended June 30, 2012 and 2011, respectively. The Organization has not changed its charity care or uninsured discount policies during 2012 or 2011 that affected bad debt write-offs.

Note 4 Charity Care

The Organization maintains records to identify and monitor the level of charity care it provides. The estimated cost of providing charity care to patients under the Organization's charity care policy was approximately \$383,000 and \$238,000 for the years ended June 30, 2012 and 2011, respectively.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 5 Investments and Assets Limited as to Use

Investments, stated at fair value, consisted of the following at June 30

	2012	2011
Money market funds	\$ 95,052	\$ 50,334
Certificates of deposit	1,213,878	1,710,145
U S Government obligations and mortgage-backed securities	3,732,138	3,118,660
Mutual funds		
Bond funds	634,571	683,054
Equity funds	545,431	964,901
International funds	674,020	727,615
Corporate equities	2,273,062	2,277,285
Corporate bonds	1,187,931	1,745,174
Contract for deed	-	22,381
Accrued interest receivable	2,251	558
Total investments	\$ 10,358,334	\$ 11,300,107

Assets limited as to use, stated at fair value, consisted of the following at June 30

	2012	2011
Under bond indenture agreement		
Cash	\$ 392,615	\$ -
Money market funds	770,679	3,453,979
Board designated - For self-funded health insurance benefits		
Cash	538,014	397,373
Total assets limited as to use	1,701,308	3,851,352
Less - Assets limited to use - Current	290,029	1,125,911
Assets limited as to use - Noncurrent	\$ 1,411,279	\$ 2,725,441

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 5 Investments and Assets Limited as to Use (Continued)

Management assesses individual investment securities as to whether declines in market value are other than temporary and result in an impairment. For equity securities, the Organization considers whether it has the ability and intent to hold the investment until a market price recovery. Evidence considered in this includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, the issuer's financial condition, and the general market condition in the geographic area or industry the investee operates in. For debt securities, if the Organization has made a decision to sell the security, or if it's more likely than not the Organization will sell the security before the recovery of the security's cost basis, an other-than-temporary impairment is considered to have occurred. If the Organization has not made a decision or does not have an intent to sell the debt security, but the debt security is not expected to recover its value due to a credit loss, an other-than-temporary impairment is considered to have occurred.

Because the Organization has the intent and the ability to hold investment securities until a market price recovery or maturity, investment securities at June 30, 2012 and 2011, are not temporarily impaired. No impairment losses were recognized by the Organization during 2012 and 2011.

The following table shows unrealized losses and fair values of investments at June 30, 2012, aggregated by investment category and length of time that individual investment securities have been in a continuous unrealized loss position.

Description of Securities	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Corporate bonds	\$ 167,444	\$ (2,687)	\$ -	\$ -	\$ 167,444	\$ (2,687)
Corporate equities	267,558	(22,946)	51,136	(7,292)	318,694	(30,238)
Mutual funds - Bonds	115,226	(343)	-	-	115,226	(343)
Mutual funds - Equities	233,723	(13,708)	-	-	233,723	(13,708)
Mutual funds - International	404,830	(46,001)	36,153	(7,883)	440,983	(53,884)
Totals	\$ 1,188,781	\$ (85,685)	\$ 87,289	\$ (15,175)	\$ 1,276,070	\$ (100,860)

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 5 Investments and Assets Limited as to Use (Continued)

Investment Income

Investment income including gains and losses on cash, investments, and assets limited as to use consisted of the following for the years ended June 30

	2012	2011
Interest and dividend income	\$ 341,984	\$ 328,507
Realized gain on investments - Net	30,412	241,145
Total investment income	\$ 372,396	\$ 569,652

At June 30, 2012 and 2011, changes in unrealized gains and losses on other than trading securities totaled (\$37,834) and \$358,682, respectively

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 6 Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value

Money market funds - The fair value of money market funds is established by using \$1 as the net asset value (NAV) Money market funds are classified as Level 2

Mutual funds - The carrying value of mutual funds are based on quoted market prices which represent the NAV of shares held by the Organization at year-end

Corporate equities - The carrying value of corporate equities is valued using quoted market prices

U S government obligations, mortgage-backed securities, corporate bonds , and beneficial interest in perpetual trust - The fair value of fixed-income securities is estimated using a variety of techniques including quoted market prices of similar items, broker/dealer quotes, or models using market interest rates or yield curves The underlying investments of the perpetual trust include both equity and fixed income securities

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 6 Fair Value Measurements (Continued)

The following table sets forth the fair value of the Organization's assets at June 30, 2012

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 865,731	\$ -	\$ 865,731
U S government obligations and mortgage-backed securities	-	3,732,138	-	3,732,138
Mutual funds				
Bond funds	634,571	-	-	634,571
Equity funds	545,431	-	-	545,431
International funds	674,020	-	-	674,020
Corporate equities	2,273,062	-	-	2,273,062
Corporate bonds	-	1,187,931	-	1,187,931
Beneficial interest in perpetual trust	-	74,598	-	74,598
Total	\$ 4,127,084	\$ 5,860,398	\$ -	\$ 9,987,482

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 6 Fair Value Measurements (Continued)

The following table sets forth the fair value of the Organization's assets at June 30, 2011

	Level 1	Level 2	Level 3	Total
Money market funds	\$ -	\$ 3,504,313	\$ -	\$ 3,504,313
U S government obligations and mortgage-backed securities	-	3,118,660	-	3,118,660
Mutual funds				
Bond funds	683,054	-	-	683,054
Equity funds	964,901	-	-	964,901
International funds	727,615	-	-	727,615
Corporate equities	2,277,285	-	-	2,277,285
Corporate bonds	-	1,745,174	-	1,745,174
Beneficial interest in perpetual trust	-	72,989	-	72,989
Total	\$ 4,652,855	\$ 8,441,136	\$ -	\$ 13,093,991

The carrying value of other current assets and current liabilities are reasonable estimates of their fair value due to the short-term nature of those financial instruments

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 7 Property, Equipment, and Depreciation

Property and equipment consisted of the following at June 30

	2012	2011
Land and improvements	\$ 1,245,448	\$ 1,359,249
Buildings and fixed equipment	45,858,661	14,180,114
Equipment	9,843,532	14,746,807
Equipment under capital leases	2,089,632	1,231,157
Total property and equipment	59,037,273	31,517,327
Less - Accumulated depreciation	7,157,199	24,982,353
Net depreciated value	51,880,074	6,534,974
Construction in progress	25,679	45,918,557
Property and equipment - Net	\$ 51,905,753	\$ 52,453,531

Cost of equipment under capital lease obligations was \$2,089,632 and \$1,231,157 at June 30, 2012 and 2011, respectively, and accumulated amortization for equipment under capital lease obligations was \$1,179,737 and \$910,928 at June 30, 2012 and 2011, respectively

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 8 Pledges Receivable

The Organization has received unconditional promises to give from corporations and individuals in the community. Certain unconditional promises to give are receivable over a period of time.

Pledges receivable consisted of the following at June 30

	2012	2011
Receivable in less than one year	\$ 73,268	\$ 91,137
Receivable in one to five years	374,162	609,397
Pledges receivable	447,430	700,534
Less:		
Unamortized discount	9,455	9,455
Allowance for uncollectible pledges	54,000	34,000
Pledges receivable - Net	383,975	657,079
Less - Current portion	73,268	91,137
Pledges receivable - Noncurrent	\$ 310,707	\$ 565,942

Pledges receivable of \$447,430 and \$700,534 at June 30, 2012 and 2011, respectively, are pledged for a hospital construction project and are recorded as temporarily restricted net assets.

Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows using discount rates ranging from 0.21% to 0.72% at June 30, 2012.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 9 Beneficial Interest in Perpetual Trust

The Organization is the beneficiary of a trust created by a donor, the assets of which are invested by the trustee rather than the Organization. The Organization has legally enforceable rights and claims to such assets, including the right to income therefrom. Net unrealized gains (losses) related to the beneficial interest are reported as changes in permanently restricted net assets based on explicit donor stipulations. The fair value of that beneficial interest was \$74,598 and \$72,989, at June 30, 2012 and 2011, respectively.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 10 Long-Term Debt

Long-term debt consisted of the following at June 30

	2012	2011
Hospital Revenue Refunding Bonds, Series 2003, 1 60%- 3 65% serial bonds, due in varying annual installments to July 2011, secured by a mortgage on substantially all property and equipment of the Medical Center	\$ -	\$ 790,000
Senior Secured Rural America Bonds, Series 2010, 5 63%- 8 58% serial bonds, due in varying annual installments beginning September 2012 to March 2040, secured by a mortgage on substantially all property and equipment of the Medical Center	15,000,000	15,000,000
USDA Promissory Note, 4% interest, due in varying annual installments to March 2050, secured by a mortgage on substantially all property and equipment of the Medical Center	30,632,268	21,960,699
Totals	45,632,268	37,750,699
Less		
Current maturities	295,966	790,000
Long-term portion	\$ 45,336,302	\$ 36,960,699

The bond indentures require the establishment of certain funds to be held by the trustee, which are unavailable for general corporate purposes. Required funds have been established and are shown as "assets limited as to use" in the accompanying consolidated financial statements.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 10 Long-Term Debt (Continued)

The bond indentures provide for various restrictive covenants, including maintenance of various financial ratios and limitations on additional borrowing. Management believes the Organization is in compliance with all restrictive covenants at June 30, 2012.

Scheduled principal payments on long-term debt at June 30, 2012, including current maturities, are summarized as follows:

2013	\$ 295,966
2014	594,695
2015	622,379
2016	653,090
2017	687,153
Thereafter	42,778,985
<u>Total</u>	<u>\$ 45,632,268</u>

A summary of total interest expense on borrowed funds held by the trustee for the years ended June 30, including amounts capitalized as part of the construction program, follows:

	2012	2011
Interest charged to operations	\$ 1,971,160	\$ 45,461
Interest capitalized - Net of interest earnings	158,986	1,453,396
<u>Total interest cost</u>	<u>\$ 2,130,146</u>	<u>\$ 1,498,857</u>

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 11 Capital Lease Obligations

The Organization uses certain equipment under noncancelable lease agreements. Certain leases have been classified as capital leases.

Minimum future payments under capital lease obligations are as follows:

2013	\$ 334,289
2014	244,160
2015	213,707
2016	191,447
2017	40,089
Total minimum lease payments	1,023,692
Amount representing interest	80,076
Present value of net minimum lease payments	943,616
Less - Current portion	299,397
Total capital lease obligations	\$ 644,219

Note 12 Operating Leases

The Organization rents medical equipment and medical office space under various operating lease agreements. Future minimum lease payments on non-cancelable operating leases in effect on June 30, 2012, due over the next five years and thereafter are as follows:

2013	\$ 494,937
2014	427,565
2015	415,225
2016	415,225
2017	87,554
Total	\$ 1,840,506

Total rent expense was \$837,875 and \$602,247 for 2012 and 2011, respectively.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 13 Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets include assets set aside in accordance with donor restrictions as to time or use. Temporarily restricted net assets were available for the following purposes at June 30:

	2012	2011
New hospital building	\$ 1,506,040	\$ 2,098,024
Nursery	2,766	170,618
Hospice	96,399	44,639
Contract for deed	-	22,381
Hospital programs and supplies	75,180	19,637
Total	\$ 1,680,385	\$ 2,355,299

For the years ended June 30, 2012 and 2011, \$1,237,154 and \$650,000, respectively, of temporarily restricted net assets were used for the purposes intended by donors. Accordingly, these net assets were transferred from the temporarily restricted net assets to unrestricted net assets in the accompanying statements of operations and statements of changes in net assets.

Permanently restricted net assets were as follows at June 30:

	2012	2011
Endowment fund	\$ 801,005	\$ 795,699
Beneficial interest in perpetual trust	74,598	72,989
Total	\$ 875,603	\$ 868,688

The endowment was established to provide investment income for support of the Medical Center's operations. Net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 13 Temporarily and Permanently Restricted Net Assets (Continued)

Donor-Restricted Endowments

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of North Dakota, as requiring the Organization to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 13 Temporarily and Permanently Restricted Net Assets (Continued)

Changes in donor-restricted endowments were as follows

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment funds at June 30, 2010	\$ -	\$ -	\$ 861,115	\$ 861,115
Contributions	-	-	7,573	7,573
Investment return				
Interest and dividends	34,523	-	-	34,523
Net appreciation	27,202	-	-	27,202
Expenditures	(61,725)	-	-	(61,725)
Endowment funds at June 30, 2011	-	-	868,688	868,688
Contributions	-	-	6,915	6,915
Investment return				
Interest and dividends	22,471	-	-	22,471
Net appreciation	2,577	-	-	2,577
Expenditures	(25,048)	-	-	(25,048)
Endowment funds at June 30, 2012	\$ -	\$ -	\$ 875,603	\$ 875,603

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 13 Temporarily and Permanently Restricted Net Assets (Continued)

Investment Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to preserve the fair value of the endowment assets. Under the Organization's Investment Policy, as approved by the Board of Directors, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and ensure that any risk assumed is commensurate with the given investment vehicle and the Organization's objectives.

To achieve its investment goals, the Organization targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control. The Organization's asset allocations include a blend of equity and debt securities and cash equivalents.

Note 14 Patient Service Revenue (Net of Contractual Adjustments and Discounts)

Patient service revenue (net of contractual adjustments and discounts) consisted of the following for the years ended June 30:

	2012	2011
Gross patient service revenue	\$ 45,193,620	\$ 37,578,415
Less - Contractual adjustments and discounts	12,112,015	11,754,832
Patient service revenue (net of contractual adjustments and discounts)	\$ 33,081,605	\$ 25,823,583

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 14 Patient Service Revenue (Net of Contractual Adjustments and Discounts) (Continued)

Patient service revenue (net of contractual adjustments and discounts) recognized from major payer sources for the years ended June 30, is as follows

		2012	2011
Third-party payors	\$	31,201,714	\$ 24,146,491
Self-pay		1,879,891	1,677,092
Total	\$	33,081,605	\$ 25,823,583

Medicare revenue as a percent of gross patient service revenue totaled 40% and 39% in 2012 and 2011, respectively Blue Cross revenue as a percent of gross patient service revenue totaled 34% and 33% in 2012 and 2011, respectively

Note 15 Defined Contribution Retirement Plans

The Organization has a voluntary defined contribution retirement plan covering substantially all employees The Organization matches employee contributions up to a maximum contribution of 1.5% of the employee's compensation The Organizations retirement plan expense under this plan totaled \$133,043 and \$128,731 for the years ended June 30, 2012 and 2011, respectively

The Organization also has a noncontributory money purchase pension plan (the Money Purchase Plan) covering substantially all employees The Organizations contributions to the Money Purchase Plan are based on annual compensation and integrated with the Social Security Wage Base The Organizations retirement plan expense under the Money Purchase Plan totaled \$809,508 and \$691,493 for the years ended June 30, 2012 and 2011, respectively At June 30, 2012 and 2011, accrued pension costs were \$408,000 and \$346,800, respectively

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 16 Professional Liability Insurance

The Organizations professional liability insurance for claim losses of less than \$1,000,000 per claim and \$5,000,000 per year covers professional liability claims reported during a policy year ("claims-made" coverage) The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending through January 1, 2013

Under a claims-made policy, the risk for claims and incidents not asserted within the policy period remains with the Organization Although there exists the possibility of claims arising from services provided to patients through June 30, 2012, which have not yet been asserted, the Organization is unable to determine the ultimate cost, if any, of such possible claims and, accordingly, no provision has been made for them

Note 17 Functional Expenses

The Organization provides general health care services to residents within its geographic location Expenses related to providing these services consisted of the following for the years ended June 30

	2012	2011
Health care services	\$ 30,309,028	\$ 22,051,869
General and administrative	4,626,798	3,468,544
Fund-raising	288,594	245,363
Total expenses	\$ 35,224,420	\$ 25,765,776

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 18 Self-Funded Insurance

The Organization has a self-funded health care plan that provides medical and dental benefits to employees and their dependents. Employees share in the cost of health benefits. Health care expense is based upon actual claims paid, reinsurance premiums, administration fees, and unpaid claims at year-end. The Organization buys reinsurance to cover catastrophic individual claims over \$35,000.

Health care expense was \$1,331,553 and \$1,227,291 for the years ended June 30, 2012 and 2011, respectively. A liability of \$115,600 for claims outstanding at June 30, 2012 and 2011, has been recorded in accrued liabilities in the accompanying consolidated balance sheets. Management believes this liability is sufficient to cover estimated claims, including claims incurred but not yet reported.

Note 19 Commitments and Contingencies

The Organization is subject to legal proceedings and claims that arise in the ordinary course of business. While any proceeding or litigation has an element of uncertainty, management of the Organization believes that the outcome of any pending or threatened actions will not have a material adverse effect on the financial condition of the Organization.

Note 20 Concentration of Credit Risk

Financial instruments that potentially subject the Organization to possible credit risk consist principally of accounts receivable, cash deposits in excess of insured limits, and investments.

Accounts receivable consist of amounts due from patients, their insurers, or governmental agencies (primarily Medicare and Medicaid) for health care provided to the patients. The majority of the Organization's patients are from Jamestown, North Dakota, and the surrounding area.

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Notes to Consolidated Financial Statements

Note 20 Concentration of Credit Risk (Continued)

The mix of receivables from patients and third-party payers was as follows at June 30

	2012	2011
Medicare	27 %	31 %
Medicaid	11 %	10 %
Blue Cross	20 %	17 %
Managed care and commercial insurances	9 %	7 %
Other third-party payers and patients	33 %	35 %
Totals	100 %	100 %

The Organization maintains depository relationships with area financial institutions that are Federal Depository Insurance Corporation (FDIC) insured institutions. On November 9, 2010, the FDIC issued a final rule implementing Section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act that provides for unlimited insurance coverage of noninterest-bearing transaction accounts through December 31, 2012. The Organization maintains cash in interest-bearing accounts at these institutions which are insured by the FDIC up to \$250,000. At June 30, 2012, the Organization exceeded the insured limits by approximately \$4,092,000. In addition, other investments held by financial institutions are uninsured.

Note 21 Reclassifications

Certain reclassifications have been made to the 2011 consolidated financial statements to conform to the 2012 classifications.

Supplementary Information



Independent Auditor's Report on Supplementary Information

Board of Directors

Lutheran Charity Association d/b/a Jamestown Regional Medical Center
Jamestown, North Dakota

We have audited the consolidated financial statements of Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate as of and for the years ended June 30, 2012 and 2011, and our report thereon dated October 3, 2012, appears on page 1

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the Organization's basic consolidated financial statements as a whole. The supplementary information appearing on pages 45 through 56 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

October 3, 2012
Minneapolis, Minnesota

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidating Balance Sheets

June 30, 2012

<i>Assets</i>	Hospital	Foundation	Elimination	Total
Current assets				
Cash	\$ 3,274,162	\$ 264,058	\$ -	\$ 3,538,220
Assets limited as to use - Current portion	290,029	-	-	290,029
Patient accounts receivable - Net	5,049,958	-	-	5,049,958
Due from third-party reimbursement programs	675,000	-	-	675,000
Related-party receivable	67,036	-	(67,036)	-
Other accounts receivable	221,083	-	-	221,083
Pledges receivable - Current portion	-	73,268	-	73,268
Supplies inventory	552,836	-	-	552,836
Prepaid expenses and other	103,054	-	-	103,054
Total current assets	10,233,158	337,326	(67,036)	10,503,448
Investments	7,934,256	2,424,078	-	10,358,334
Assets limited as to use - Less current portion	1,411,279	-	-	1,411,279
Property and equipment - Net	51,905,753	-	-	51,905,753
Other assets				
Property held for investment, at cost	110,314	-	-	110,314
Beneficial interest in perpetual trust	-	74,598	-	74,598
Pledges receivable - Less current portion	-	310,707	-	310,707
Cash surrender value of life insurance	-	6,649	-	6,649
Unamortized debt issue costs	1,333,414	-	-	1,333,414
Total other assets	1,443,728	391,954	-	1,835,682
TOTAL ASSETS	\$ 72,928,174	\$ 3,153,358	\$ (67,036)	\$ 76,014,496

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidating Balance Sheets (Continued)

June 30, 2012

<i>Liabilities and Net Assets</i>	Hospital	Foundation	Elimination	Total
Current liabilities				
Current maturities of long-term debt	\$ 295,966	\$ -	\$ -	\$ 295,966
Current portion of obligations under capital leases	299,397	-	-	299,397
Accounts payable - Trade	558,165	-	-	558,165
Accounts payable - Construction	284,250	-	-	284,250
Related-party payable	-	67,036	(67,036)	-
Accrued liabilities				
Salaries and other	1,698,266	-	-	1,698,266
Health insurance	115,600	-	-	115,600
Interest	543,197	-	-	543,197
Pension	408,000	-	-	408,000
Other current liabilities	-	19,323	-	19,323
Total current liabilities	4,202,841	86,359	(67,036)	4,222,164
Long-term liabilities				
Annuities payable	-	88,502	-	88,502
Long-term debt - Less current maturities	45,336,302	-	-	45,336,302
Obligations under capital lease - Less current portion	644,219	-	-	644,219
Deferred rent	637,395	-	-	637,395
Total long-term liabilities	46,617,916	88,502	-	46,706,418
Total liabilities	50,820,757	174,861	(67,036)	50,928,582
Net assets				
Unrestricted	22,107,417	422,509	-	22,529,926
Temporarily restricted	-	1,680,385	-	1,680,385
Permanently restricted	-	875,603	-	875,603
Total net assets	22,107,417	2,978,497	-	25,085,914
TOTAL LIABILITIES AND NET ASSETS	\$ 72,928,174	\$ 3,153,358	\$ (67,036)	\$ 76,014,496

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidating Balance Sheets

June 30, 2011

<i>Assets</i>	Hospital	Foundation	Elimination	Total
Current assets				
Cash	\$ 2,602,969	\$ 935,671	\$ -	\$ 3,538,640
Assets limited as to use - Current portion	1,125,911	-	-	1,125,911
Patient accounts receivable - Net	3,595,207	-	-	3,595,207
Related-party receivable	162,202	-	(162,202)	-
Other accounts receivable	183,460	-	-	183,460
Pledges receivable - Current portion	-	91,137	-	91,137
Supplies inventory	449,477	-	-	449,477
Prepaid expenses and other	142,271	-	-	142,271
Total current assets	8,261,497	1,026,808	(162,202)	9,126,103
Investments	8,900,115	2,399,992	-	11,300,107
Assets limited as to use - Less current portion	2,725,441	-	-	2,725,441
Property and equipment - Net	52,453,531	-	-	52,453,531
Other assets				
Property held for investment, at cost	110,314	-	-	110,314
Beneficial interest in perpetual trust	-	72,989	-	72,989
Pledges receivable - Less current portion	-	565,942	-	565,942
Cash surrender value of life insurance	-	6,534	-	6,534
Unamortized debt issue costs	752,378	-	-	752,378
Total other assets	862,692	645,465	-	1,508,157
TOTAL ASSETS	\$ 73,203,276	\$ 4,072,265	\$ (162,202)	\$ 77,113,339

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidating Balance Sheets (Continued)

June 30, 2011

<i>Liabilities and Net Assets</i>	Hospital	Foundation	Elimination	Total
Current liabilities				
Current maturities of long-term debt	\$ 790,000	\$ -	\$ -	\$ 790,000
Current portion of obligations under capital leases	133,104	-	-	133,104
Accounts payable - Trade	712,019	-	-	712,019
Accounts payable - Construction	5,399,777	-	-	5,399,777
Due to third-party reimbursement programs	155,000	-	-	155,000
Related-party payable	-	162,202	(162,202)	-
Accrued liabilities				
Salaries and other	1,560,742	-	-	1,560,742
Health insurance	115,600	-	-	115,600
Interest	520,439	-	-	520,439
Pension	346,800	-	-	346,800
Other current liabilities	-	16,340	-	16,340
Total current liabilities	9,733,481	178,542	(162,202)	9,749,821
Long-term liabilities				
Annuities payable	-	76,531	-	76,531
Long-term debt - Less current maturities	36,960,699	-	-	36,960,699
Obligations under capital lease - Less current portion	208,742	-	-	208,742
Total long-term liabilities	37,169,441	76,531	-	37,245,972
Total liabilities	46,902,922	255,073	(162,202)	46,995,793
Net assets				
Unrestricted	26,300,354	593,205	-	26,893,559
Temporarily restricted	-	2,355,299	-	2,355,299
Permanently restricted	-	868,688	-	868,688
Total net assets	26,300,354	3,817,192	-	30,117,546
TOTAL LIABILITIES AND NET ASSETS	\$ 73,203,276	\$ 4,072,265	\$ (162,202)	\$ 77,113,339

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidating Statements of Operations

Year Ended June 30, 2012

	Hospital	Foundation	Elimination	Total
Revenue				
Patient service revenue (net of contractual adjustments and discounts)	\$ 33,081,605	\$ -	\$ -	\$ 33,081,605
Provision for bad debt	(939,722)	-	-	(939,722)
Net patient service revenue	32,141,883	-	-	32,141,883
Other revenue	812,639	-	-	812,639
Net assets released from restrictions	-	24,467	-	24,467
Total revenue	32,954,522	24,467	-	32,978,989
Expenses				
Salaries and wages	14,458,919	141,434	-	14,600,353
Employee benefits	3,315,949	10,085	-	3,326,034
Supplies and other	11,468,381	117,076	-	11,585,457
Provision for uncollectible pledges	-	20,000	-	20,000
Depreciation and amortization	3,744,924	-	-	3,744,924
Interest expense	1,947,652	-	-	1,947,652
Total expenses	34,935,825	288,595	-	35,224,420
Loss from operations	(1,981,303)	(264,128)	-	(2,245,431)
Other income				
Investment income	310,185	62,211	-	372,396
Contributions	-	24,086	-	24,086
Loss on disposal of equipment	(3,689,537)	-	-	(3,689,537)
Total other income	(3,379,352)	86,297	-	(3,293,055)
Revenue in excess (deficiency) of expenses	(5,360,655)	(177,831)	-	(5,538,486)
Other changes in unrestricted net assets				
Change in unrealized gains and losses on investments other than trading securities	(44,969)	7,135	-	(37,834)
Net assets released from restrictions used for property and equipment	-	1,212,687	-	1,212,687
Transfer from (to) related party	1,212,687	(1,212,687)	-	-
Decrease in unrestricted net assets	\$ (4,192,937)	\$ (170,696)	\$ -	\$ (4,363,633)

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidating Statements of Operations

Year Ended June 30, 2011

	Hospital	Foundation	Elimination	Total
Revenue				
Patient service revenue (net of contractual adjustments and discounts)	\$ 25,823,583	\$ -	\$ -	\$ 25,823,583
Provision for bad debt	(1,080,129)	-	-	(1,080,129)
Net patient service revenue	24,743,454	-	-	24,743,454
Other revenue	860,114	-	-	860,114
Net assets released from restrictions	-	57,440	-	57,440
Total revenue	25,603,568	57,440	-	25,661,008
Expenses				
Salaries and wages	12,760,441	134,251	-	12,894,692
Employee benefits	2,954,203	9,488	-	2,963,691
Supplies and other	8,443,460	101,623	-	8,545,083
Depreciation and amortization	1,316,849	-	-	1,316,849
Interest expense	45,461	-	-	45,461
Total expenses	25,520,414	245,362	-	25,765,776
Income (loss) from operations	83,154	(187,922)	-	(104,768)
Other income				
Investment income	474,273	95,379	-	569,652
Contributions	820,076	17,521	-	837,597
Gain on disposal of equipment	501	-	-	501
Total other income	1,294,850	112,900	-	1,407,750
Revenue in excess (deficiency) of expenses	1,378,004	(75,022)	-	1,302,982
Other changes in unrestricted net assets				
Change in unrealized gains and losses on investments other than trading securities	283,529	75,153	-	358,682
Net assets released from restrictions used for property and equipment	-	592,560	-	592,560
Transfer from (to) related party	650,000	(650,000)	-	-
Increase (decrease) in unrestricted net assets	\$ 2,311,533	\$ (57,309)	\$ -	\$ 2,254,224

Lutheran Charity Association d/b/a Jamestown Regional Medical Center and Affiliate

Consolidating Statements of Changes in Net Assets

Year Ended June 30, 2012

	Hospital	Foundation	Total
Unrestricted net assets			
Revenue in deficiency of expenses	\$ (5,360,655)	\$ (177,831)	\$ (5,538,486)
Change in unrealized gains and losses on investments other than trading securities	(44,969)	7,135	(37,834)
Net assets released from restrictions used for property and equipment	-	1,212,687	1,212,687
Transfers from (to) related party	1,212,687	(1,212,687)	-
Decrease in unrestricted net assets	(4,192,937)	(170,696)	(4,363,633)
Temporarily restricted net assets			
Contributions for specific purposes	-	562,240	562,240
Net assets released from restrictions	-	(1,237,154)	(1,237,154)
Decrease in temporarily restricted net assets	-	(674,914)	(674,914)
Permanently restricted net assets			
Contributions for endowment fund	-	6,915	6,915
Change in net assets	(4,192,937)	(838,695)	(5,031,632)
Net assets at beginning	26,300,354	3,817,192	30,117,546
Net assets at end	\$ 22,107,417	\$ 2,978,497	\$ 25,085,914

Lutheran Charity Association d/b/a Jamestown Regional Medical Center, Inc. and Affiliate

Consolidating Statements of Changes in Net Assets

Year Ended June 30, 2011

	Hospital	Foundation	Total
Unrestricted net assets			
Revenue in excess (deficiency) of expenses	\$ 1,378,004	\$ (75,022)	\$ 1,302,982
Change in unrealized gains and losses on investments other than trading securities	283,529	75,153	358,682
Net assets released from restrictions used for property and equipment	-	592,560	592,560
Transfers from (to) related party	650,000	(650,000)	-
Increase (decrease) in unrestricted net assets	2,311,533	(57,309)	2,254,224
Temporarily restricted net assets			
Contributions for specific purposes	-	1,632,087	1,632,087
Net assets released from restrictions	-	(650,000)	(650,000)
Increase in temporarily restricted net assets	-	982,087	982,087
Permanently restricted net assets			
Contributions for endowment fund	-	7,573	7,573
Change in net assets	2,311,533	932,351	3,243,884
Net assets at beginning	23,988,821	2,884,841	26,873,662
Net assets at end	\$ 26,300,354	\$ 3,817,192	\$ 30,117,546

Lutheran Charity Association d/b/a Jamestown Regional Medical Center, Inc. and Affiliate

Detail Schedule of Gross Patient Service Revenue Year Ended June 30, 2012

	Inpatient	Outpatient	Total
Patient service revenue			
Routine services			
Adults and pediatrics	\$ 1,051,165	\$ 4,060,820	\$ 5,111,985
Coronary care	205,657	23,328	228,985
Nursery	578,415	1,365	579,780
Total routine services	1,835,237	4,085,513	5,920,750
Ancillary services			
Operating room	2,297,587	6,055,595	8,353,182
Recovery room	180,170	1,301,409	1,481,579
Delivery room	323,975	130	324,105
Anesthesiology	488,837	922,563	1,411,400
Radiology	283,811	4,673,735	4,957,546
CT scan	218,556	3,437,241	3,655,797
Nuclear medicine	7,550	642,122	649,672
Laboratory	589,179	1,514,950	2,104,129
Blood bank	161,220	188,420	349,640
Respiratory therapy	151,498	101,180	252,678
Rehabilitation	232,637	1,474,690	1,707,327
Cardiac rehabilitation	284	216,792	217,076
Audiology	9,435	552,151	561,586
Electrocardiology	17,990	89,250	107,240
Central service supplies	520,028	705,876	1,225,904
Pharmacy	930,440	2,907,080	3,837,520
Emergency room	189,014	5,445,382	5,634,396
Endoscopy	15,025	189,532	204,557
Home health	-	626,087	626,087
Hospice	25,255	779,695	804,950
Podiatrist	3,387	500,447	503,834
Other	161,963	140,702	302,665
Total ancillary services	6,807,841	32,465,029	39,272,870
Gross patient service revenue	\$ 8,643,078	\$ 36,550,542	\$ 45,193,620

Lutheran Charity Association d/b/a Jamestown Regional Medical Center, Inc. and Affiliate

Detail Schedule of Gross Patient Service Revenue

Year Ended June 30, 2011

	Inpatient	Outpatient	Total
Patient service revenue			
Routine services			
Adults and pediatrics	\$ 582,056	\$ 3,477,932	\$ 4,059,988
Coronary care	214,819	32,196	247,015
Nursery	516,868	1,915	518,783
Total routine services	1,313,743	3,512,043	4,825,786
Ancillary services			
Operating room	668,887	2,726,001	3,394,888
Recovery room	119,145	1,026,154	1,145,299
Delivery room	256,505	(230)	256,275
Anesthesiology	330,259	773,605	1,103,864
Radiology	243,776	4,390,224	4,634,000
CT scan	308,239	3,317,079	3,625,318
Nuclear medicine	10,597	827,059	837,656
Laboratory	529,492	1,421,351	1,950,843
Blood bank	122,650	147,465	270,115
Respiratory therapy	157,800	115,685	273,485
Rehabilitation	110,444	1,310,575	1,421,019
Cardiac rehabilitation	568	230,412	230,980
Audiology	17,440	572,732	590,172
Electrocardiology	16,590	78,960	95,550
Central service supplies	429,810	511,506	941,316
Pharmacy	785,159	2,328,189	3,113,348
Emergency room	242,131	4,424,836	4,666,967
Endoscopy	48,366	2,089,518	2,137,884
Home health	-	606,674	606,674
Hospice	9,000	633,685	642,685
Podiatrist	5,823	546,092	551,915
Other	61,065	201,311	262,376
Total ancillary services	4,473,746	28,278,883	32,752,629
Gross patient service revenue	\$ 5,787,489	\$ 31,790,926	\$ 37,578,415

Lutheran Charity Association d/b/a Jamestown Regional Medical Center, Inc. and Affiliate

Schedule of Net Patient Service Revenue

Years Ended June 30, 2012 and 2011

	2012	2011
Gross patient service revenue	\$ 45,193,620	\$ 37,578,415
Less - Charity care	595,237	369,709
Total patient service revenue	44,598,383	37,208,706
Less contractual adjustments and discounts		
Medicare	4,374,013	5,999,685
Medicaid	1,664,051	1,261,018
Blue Cross	4,301,783	3,020,187
Other	1,176,931	1,104,233
Total contractual adjustments and discounts	11,516,778	11,385,123
Patient service revenue (net of contractual adjustments and discounts)	\$ 33,081,605	\$ 25,823,583

Lutheran Charity Association d/b/a Jamestown Regional Medical Center, Inc. and Affiliate

Detail Schedule of Other Revenue

Years Ended June 30, 2012 and 2011

	2012	2011
Other revenue		
Wellness and lifeline programs	\$ 191,604	\$ 183,406
Cafeteria	200,366	162,897
Consultation services	50,789	61,870
ESRD unit lease	19,520	65,799
Radiologist billing	26,289	26,424
ER coverage reimbursement	60,804	59,137
In-house rent	46,229	49,579
Telepharmacist	12,000	14,000
Sleep studies	18,650	18,950
Purchase discounts	12,011	7,252
Sales of supplies and drugs	19,851	18,414
Gift shop	40,258	29,598
Grants	35,737	18,793
Linen contract	1,322	1,248
Other	77,209	142,746
Total other revenue	\$ 812,639	\$ 860,113